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THE PRESIDENT: As you know, this message transmitting the budget for 1939 is to be held in strict confidence and no portion, synopsis or intimation, is to be given out until after it has been received tomorrow by the two Houses and extreme care must be exercised to avoid premature publication.

Another thing is that, of course, everything said here is merely to be helpful, it is non-attributable and it is all, not off the record but just for guidance.

Q Am I to understand, sir, that the fact of the conference itself is a confidential matter?

THE PRESIDENT: It never has been. That is all right.

I will go, briefly, over the message itself. I am trying, in the first few paragraphs, to give a little more clear idea of what budget estimates are, both on the expenditure end and the receipts end -- how they are made up, what information there is to go on. Therefore, I give you a little summary on what happens.

Starting about the fifteenth of September, after all the departments' and agencies' estimates go to the Director of the Budget, the estimates of the departments and agencies are presented by the Director of the Budget

to me, the totals and not the details, and I say to the Secretary of the Treasury then, "Have you got any idea as to what the receipts are going to be in the year beginning nine months later, the following first of July, and running from there to twenty-one months later," and he gives me his guess, the guess of his experts, for a period, as I say, beginning nine months later and running to twenty-one months later.

If what I get from the experts of the Treasury Department show that the receipts, the estimated receipts as of that period, are way below what the estimated expenditures of the departments and agencies are, I say to the Director of the Budget, "Here is a blanket order and you have got to cut down the department estimates all you possibly can."

Then, during November and December, the Director of the Budget holds hearings and he comes back to me from time to time, when he has finished a hearing with an individual department or agency and shows me how he has cut down. Then we go over the detailed estimates as recommended by the Director of the Budget and, in many cases -- probably this year in most cases -- I cut them still further. In some cases I say, "No, that is an activity of the Government on which I think you

are shaving too close. I think they ought to have a little bit more."

Then, at the same time, I get another check from the Treasury; at that time it is a check on tax receipts that will begin seven or eight months later on and run to nineteen or twenty months beyond that date.

Then, in the last two weeks of December, all of those estimates are gone over again. Very little change is made at that time because, by that time, they have gone up in a tentative way to the various committees, to the appropriation committees on the Hill as tentative estimates. We send them up there as soon as we get through with the November-December process.

Finally, in the last two weeks -- in fact in the last five days of the year, the Treasury gives me final estimates. Those are for receipts that will begin six months later and run to eighteen months later. In other words, it is a prophecy of a nature that no private business concern has to do in the same way. The reason is this: In the case of a private business concern they may estimate their receipts and income a long time ahead but, if their expenditures are running too high, based on the actual return, on the income, they can change their expenditures once

a week or once a month. They can, if they want to, lay off 30,000 men irrespective of whether or not they had expected to do it two months before. But Government affairs are not so flexible. The Budget reports are the Government's fiscal plan; and in the form adopted by the Congress during the Winter and Spring, it becomes practically a fixed program of expenditure which cannot be changed for many months even though economic conditions radically change the receipt side of the ledgers.

Then I point out what is a fair comparison and that is that during the past four years the estimates of tax receipts thus made far in advance, have been infinitely more accurate as proven by the final result than in the preceding years. (Reading) "Estimates remain a prophecy; but our prophecies have been far better borne out by later events than prophecies of earlier years."

The one year of course that the estimates did not run particularly well was the year of the passage of the Bonus Bill which, in itself, threw us out over a billion dollars. Then, of course, the other case has been this calendar year -- this fiscal year of 1938, where we guessed wrong as everybody else did, including Wall Street, last Spring and Summer. But

the percentage we are out this current year is nothing like it was in certain years prior to July 1, 1933.

It is also worth while calling the attention of the Congress (reading) "and the public to the fact that a very large proportion of our total expenditures represent fixed charges, which cannot be reduced by Executive action. These charges are obligatory on the President and the Treasury, and include interest on the public debt, military and naval pensions, contributions to retirement funds and to the old age reserve account, and many grants in aid to States."

"Another class of expenditures, which, though subject to some measure of administrative control, does not afford opportunity for large reductions, is made up of those which carry on the normal, everyday operations of the Government."

On page X, I have got a breakdown for you this year that is a very interesting breakdown, showing the cost of running the regular departments of the Government from 1931 down through 1939. We will come to them a little later but it is something that will, I hope, if it is read and studied, prevent a lot of loose talk.

Then, as an example in that class of expenditures,

I call attention to the State Department which "is required to pay the reasonable salaries of consuls, diplomatic agents, secretarial staffs, and ministers who represent American interests in every part of the world."

Then we have the third type. "The third type of expenditure is represented by the major effort of the Government to help the economic security of large groups of citizens in every part of the country who, for many reasons, definitely require some form of Government assistance. This includes various kinds of aid to save farms and homes from foreclosure, to furnish work relief for needy able-bodied unemployed, and to provide old-age pensions, unemployment insurance and other assistance under the social-security program. Obligations such as these, though large in amount, can be reduced only by depriving a very large proportion of our population of benefits which modern civilization insists on."

"The final category includes items of public expenditure for capital improvements -- such as new highways, new river and harbor projects, new flood control, new public buildings, new reclamation projects, and other new public works."

I put the word "new" in there on all of these

things because, there again, we do not always, but we ought to, differentiate in rivers and harbors between the millions that go in to keep a channel open and the millions that go in to dig a new channel. That differentiation is very often forgotten.

"All of these items can be contracted or expanded to conform with the contraction or expansion of Government income.

"This year I recommend that such items be curtailed. First, because expected Government income will be less, and second, because it has been amply demonstrated that they do not provide as much work as do other methods of taking care of the unemployed."

That, as you know, is the old argument. There are some people that think that building a tunnel under the East River in New York or a 10-million dollar bridge actually puts as many people to work as a very large number of small WPA projects that are mostly direct labor. Well, the theory does not hold water when you come right down to it. The 30-million dollar tunnel and the 10-million dollar bridge do not put as many human beings to work as does work relief for the same amount of money.

"For example, we have appropriated as Federal aid to new permanent State highways almost a billion five-hundred million dollars" -- these figures are

quite appalling when you come down to the amount of money spent -- "almost $1,500,000,000 during the past 5 years;" -- and that is only the half of it because an equal amount, another billion and a half "has been spent during the same period for constructing, repairing, and improving roads and streets by Federal agencies administering unemployment relief. These vast expenditures" -- which are about 3 billion dollars all told -- "have put our highway systems far in advance of what would have been normal expansion. I do not propose eliminating Federal aid to highways, but I do ask that such aid be restored to approximately the pre-depression figures," which were about, on Federal aid, a little less than 100 million dollars a year.

Then we come to other things. "We have a great accumulation of unliquidated 'matching' authorizations for aid to States running into the year 1940 -- but the States also should be encouraged to bring their highway budgets back to a more normal figure. Therefore I hope that the Congress will start at this session to cut down the actual appropriations used to match State funds."

Then we get into the rivers and harbors improvements. "For the 10 years up to June 30, 1933, the

Federal Government spent an average of $40,000,000 a year for river and harbor improvements. During the past 5 years we have spent an average of over $100,000,000 a year. Meanwhile, a justified demand for greater protection against floods has developed. Flood protection is necessary and in this Budget I am curtailing the estimates for new river and harbor improvements in order to provide more money for flood emergencies."

In other words, we think that the protection of human lives and the protection of property from destruction come a little bit ahead of improving commercial facilities.

"Reclamation projects have been started which will call for future appropriations of nearly $600,000,000." That is the same old story of authorization. "It seems obvious to me, and I hope it will be to the Congress, that no further projects should be authorized until projects now under construction have reached a substantial stage of completion.

"During the past 5 years we have built more than 1,100 new Federal buildings -- almost doubling the number of such buildings throughout the country. It is true that this saves the renting of buildings but to offset that saving we are paying in many cases far

more for maintenance of these new buildings than we formerly paid for leasing private quarters."

That is not so in a great many cases but, in a great many cases, it is true. "Except for meeting the problem of adequate housing for Government departments and agencies in the District of Columbia, I am strongly of the opinion that the public-building program should be restricted to the comparatively small number of projects where the capital investment will be returned through savings in annual operating costs."

Well, that is about all of that before we get down to the figures.

"The most important fact of this Budget," -- of course I am not writing your leads but, frankly, if I were writing the lead, I would make it the lead -- some of you won't be allowed to. (Laughter)

"The most important fact of this Budget is the reduction of $539,000,000 in the estimated expenditures for the fiscal year 1939. They amount to $6,869,000,000, compared with estimated expenditures during the current fiscal year of 1938 of $7,408,000,000.

"It is hoped that this fact will not be overlooked." (Laughter)

That was saying in a more polite way what I said before.

"It is fair to say that this estimated reduction may, by force of circumstances, become smaller because of future events which today cannot definitely be foretold. I refer specifically to the possibility that due to world conditions over which this Nation has no control, I may find it necessary to request additional appropriations for national defense."

In other words, I am not including any recommendations for more money to be spent on the Army and Navy than I have got in the present Budget as it is going up and, as you know, I may send supplementary estimates up to the Congress.

Q But even that (the Budget) has about 58 million dollars more?

THE PRESIDENT: Yes.

"Furthermore, the economic situation may not improve -- and if it does not, I expect the approval of Congress and the public for additional appropriations if they become necessary to save thousands of American families from dire need."

I am not making any more prophecy than that. If it is necessary, we will ask for more money. If it is not, we won't. There is nothing more you can say, either one way or the other.

"Revenues. -- During the first 10 months of the

calendar year 1937 business conditions improved materially and it was the consensus of opinion in Government and in business circles that the improvement would be maintained in 1938. There was every reason to expect that the revenues for the fiscal year 1939 would be greater than the expected revenues for 1938 and that with a reduction in the cost of relief, the total expenditures for 1939 would greatly decline. That was the basis for our expectation of a balanced Budget for the fiscal year 1939.

"The recent recession in business has changed that outlook."

I might say it has changed it drastically and materially.

"Today it is necessary to revise the estimates of revenues. They will be less than we had anticipated. They will, as far as we can tell, remain below our estimated necessary expenditures.

"We hope that the calendar year 1938 will bring an improvement in business conditions and, therefore, in tax receipts. The Treasury, leaning to the conservative side, predicts some improvement over the present level but does not assume in its figures that business in the calendar year 1938 will reach as high a level as in the calendar year 1937.

"The present estimate of revenue for the fiscal year 1939 is $5,919,000,000 compared with the present estimate of receipts for the fiscal year 1938 of $6,320,000,000 -- or, in other words, a falling off of $401,000,000.

"Balance. -- The net result of these estimates of expenditures and receipts shows for the fiscal year 1939 a net deficit of $950,000,000, but it is fair to state at the same time that this deficit will be $138,000,000 less than the expected deficit in the current fiscal year. In other words, for the third year in succession we would continue to decrease the deficit."

And, incidentally, it would be the fourth year in succession if it had not been for the bonus payment.

I think we can come back to the table later on; we can finish up with the only two recommendations at this time.

On the "appropriation item veto", quite a lot of people up in the Senate are interested in this on both sides. Jim Byrnes is interested and Barkley is interested, Vandenberg is interested on this particular subject, and we have had some correspondence as to which, if any of you want to get their opinions on the thing,

it is perfectly all right with me.

Q Mr. President, on that, I know of some of this correspondence and they would be glad to have it come out, if you will approve.

THE PRESIDENT: That would be perfectly all right.

Q Mr. President, isn't it Sumner's opinion that you do not need a Constitutional Amendment?

THE PRESIDENT: I have been darn careful on this thing because, frankly, I haven't any more idea than you have. I don't know whether it is or not.

Q But you do not want the correspondence used until the Budget goes up?

THE PRESIDENT: I'd rather wait until it goes up tomorrow.

(Reading) "Appropriation item veto. -- An important feature of the fiscal procedure in the majority of our States is the authority given to the executive to withhold approval of individual items in an appropriation bill, and, while approving the remainder of the bill, to return such rejected items for the further consideration of the legislature."

Danny Bell tells me that there are 38 States out of 48 that have the item veto.

MR. BELL: Something like that.

THE PRESIDENT: "This grant of power has been considered a consistent corollary of the power of the legislature

to withhold approval of items in the budget of the Executive; and the system meets with general approval in the many States which have adopted it."

When I was in Albany I had that power to veto individual items. Well, I exercised it very, very rarely, I think not more than two or three items in the four years, but the fact that it was there was of tremendous importance. In other words, it meant that no individual legislator with a pet project was able -- the Committee on Ways and Means or the Committee on Appropriations,was able to say to that individual legislator with a hobby or a pet project, "No, by God, we can't put that in because the Governor will veto it." It implemented the power of the appropriation committees to prevent a lot of stuff from actually going into the appropriation bills that ought not to be in them. So, it helped the Legislature as well as the Governor.

Q In that connection, when you speak of individual items, would that refer specifically to an appropriation or could it also refer to, for instance, that Tydings-Miller Bill that was contained -- the District of Columbia appropriation matter?

THE PRESIDENT: That was attached to an appropriation bill?

Q Yes.

THE PRESIDENT: That was attached to an appropriation bill. If a matter of general legislation is attached to an appropriation bill, I can veto the item.

Q As an extraneous bill?

THE PRESIDENT: Yes.

Q Your idea is that a vetoed item would go back for possible reconsideration?

THE PRESIDENT: Yes.

Q In some States it don't go back. In Maryland, for example, they do not go back to the Legislature, the Governor's action being final.

THE PRESIDENT: No, my idea is that the item would go back. In other words they could pass it over my veto by a two-thirds' vote.

And now we come to the next sentence. (Reading) "A respectable difference of opinion exists as to whether a similar item veto power could be given to the President by legislation or whether a constitutional amendment would be necessary. I strongly recommend that the present Congress adopt whichever course it may deem to be the correct one."

Then we have the Commodity Credit Corporation. That is really, more or less, a technical thing.

(Reading) "At present the funds for the operations of the Commodity Credit Corporation are provided through

allocations from the Reconstruction Finance Corporation. Such losses as the Commodity Credit Corporation may sustain upon its commodity loans remain an indefinite charge against the Treasury until the liquidation of the Reconstruction Finance Corporation. In order to provide for an annual review of the operations of the Commodity Credit Corporation and of its annual net cost to the Government, I recommend the enactment by the Congress of legislation which will require an annual appraisal of the assets of the Corporation, and, as a means of providing funds to make and guarantee its loans, provide the Corporation with adequate capital and authorize the issuance by it of obligations guaranteed by the United States. Congress would be advised annually of the Corporation's net profit or loss and be in a position to make such appropriations as might be necessary to meet any annual impairment of the capital of the Corporation that would result from losses sustained upon its loans."

That is merely a sound business practice.

Q If that recommendation were effected, would the borrowings of the Commodity Credit Corporation show in the national debt?

THE PRESIDENT: No; it would be a contingent liability.

Q How much money would be involved?

THE PRESIDENT: Entirely dependent on the year. It would be 25 to 100 million dollars, depending on the operations.

Q Does the Commodity Credit Corporation set-up in the Farm Bill contemplate this very thing?

THE PRESIDENT: Which Farm Bill?

Q It is in both drafts?

THE PRESIDENT: Dan (Bell) says the House uses this Corporation and this would apply to it.

Q I see.

THE PRESIDENT: To go back to this table for a minute on page X. There you have eight years of comparison.

(The figures shown are in millions of dollars)

On the income taxes, it was 1,860 in 1931, dropped to 1,057 in 1932 -- these are fiscal years -- and to 746 in 1933; got up to 818 in 1934, 1,099 in 1935, 1,426 in 1936, 2,157 in 1937, 2,692 in 1938 and it is estimated at 2,414 for 1939.

Miscellaneous internal revenue has gone up from 569, first down to 503, then up to 858, 1,469, 1,657, 2,009, 2,181, 2,279 and there is an estimated slight drop in 1939 to 2,190.

The unjust enrichment tax is, of course, a new one. Taxes under the Social Security Act are going up. They were 252 in 1937, 571 in 1938 and 598 in 1939, estimated.

Taxes upon carriers and their employees -- that is railway pensions -- 150 last year and this year it is a little down. That is because of the litigation last year.

Processing taxes on farm products ran for three years and is now out.

The customs started at 376 in 1931, 327 for 1932, 250 for 1933, 313 for 1934, 343 for 1935, 386 for 1936, 486 for 1937, 415 for 1938 and are estimated at 390 for 1939.

Q On these declining customs receipts, is that caused by declining world trade or is it because of trade agreements?

THE PRESIDENT: I suppose it is world trade. As a matter of fact, on the trade agreements, as to the countries we have them with, the amounts of imports and exports, both, have increased far more in proportion than the other nations with whom we have not got them.

Q You mean in volume?

THE PRESIDENT: Yes, increased in volume.

Q Can you tell us why the unjust enrichment tax is so slow coming in?

THE PRESIDENT: As I understand it, it becomes a question of fact with respect to each individual firm's accounts, and they have to be gone over with a fine-tooth comb. It takes a long, long time.

Q Are they compromising those accounts, those suits?

THE PRESIDENT: I don't know.

MR. GASTON: I don't know. The principal reason is that there are very few returns on account of the various delays granted. It is largely a question of beginning a field examination of the returns.

Q On these customs' figures, is that consistent with increased imports?

THE PRESIDENT: Well, we don't think there will be as much the year beginning next July as there is today. For example, there has been a definite falling off in world trade at the present time and for the last two months.

Q I was referring to this year's collection being under last year's. I think imports have increased 20 per cent by volume.

THE PRESIDENT: I don't know. I think you are talking of the calendar year. In other words, the reason they are falling off this year is because, when this was made up, we had over six months to go and the last two months had shown a definite falling off.

Now on the expenditures, under the various departments:

The legislative establishment shows a practically steady 21. It was 21.1 in 1938 and will be down to 20.8 in 1939, estimated.

Agriculture has gone up from 71 in 1931 to 98 in 1932, down to 72 in 1933, down to 62 in 1934, 71 in 1935 and then in 1936 it takes a definite jump to 122, in 1937 to 176, down in 1938 to 150 and down still further in 1939, estimated, to 124. That is caused by all the various things such as soil erosion control and elimination of diseased cattle and so on.

The Department of Commerce was 56 in 1931, 48 in 1932, 41 in 1933, 30 in 1934, 39 in 1935, 44 in 1936, 40 in 1937, 41 in 1938 and then for next year we have estimated it to be 44.

The Department of Interior went from 60 in 1931 to 63 in 1932, down to 55 in 1933, down to 49 in 1934, up to 74 in 1935, 78 in 1936, and then it jumped to 112 in 1937, to 122 in 1938, and it is estimated at 95 in 1939, being way down from what it was the current year, but the increases were caused by parks and education and rehabilitation. You see, we took care, out of that, of a large part of the unemployment problem in Puerto Rico and the Virgin Islands

and Alaska and Hawaii.

On the Department of Justice, it was 44 in 1931, 51 in 1932, 44 in 1933, 31 in 1934, 32 in 1935, 38 in 1936, 38 in 1937, 39 in 1938, and it is estimated to be 40 in 1939.

Q Mr. President, at that point, are you increasing the appropriation for the Anti-Trust Division?

THE PRESIDENT: About $300,000, as I remember it.

Department of Labor, 12 in 1931, 14 in 1932, 13 in 1933, 12 in 1934, 18 in 1935, 26 in 1936, 30 in 1937, 24 in 1938, and for next year it is estimated to be 17.

On the Post Office Department deficiency, which has to be paid for by somebody, it was 145 in 1931, went up to 203 in 1932, 117 in 1933, and from there it has gone down to 18 in 1939, next year.

The Department of State runs 15 or 16 right along.

The Treasury Department was 136 in 1931, 161 in 1932, 133 in 1933, 111 in 1934, 123 in 1935, 164 in 1936, 184 in 1937, 178 this year, and next year it will be 157.

On the War Department, non-military, that ran about the same, it was 46 eight years ago and is 48 now. It got down as low as 41 and got up as high as 53.

On the District of Columbia, it was up to 9.5 and is down to a flat 5 in the last three years. Independent offices and commissions has gone up from 89 to 171 which is a definite increase caused by new commissions, civil service, Maritime, more money for the Federal Trade Commission and the Interstate Commerce Commission, and so forth and so on.

Q Mr. President, there is one question which the District of Columbia would like to know about these things. I notice these go back and forth. Of course we are interested mainly in the number of people on the payroll. In looking over this thing, have you arrived at a conclusion as to whether the personnel will be affected much under this or can't you tell?

THE PRESIDENT: The only way I could tell you on that is to take the next line, this sub-total. Of course a very large proportion of the 760 million dollars estimated will be spent in the District of Columbia.

MR. BELL: A large part of it, yes.

THE PRESIDENT: A very large part, by all of the departments.

Q That seems to be about a 60-million dollar decrease?

THE PRESIDENT: It is about 60 million dollars less than this current year.

MR. BELL: Those were emergency funds in 1938.

THE PRESIDENT: Dan says that jump up to 827 millions is largely due to emergency funds this year, which run out. There is not much difference.

Q That means not much difference?

THE PRESIDENT: Not much difference.

Q Nothing to scare them about?

THE PRESIDENT: Oh, no.

Q This War Department non-military item does not include the rivers and harbors item you propose to reduce?

THE PRESIDENT: No, but it does include maintenance of channels.

Q The reduction is going to be made in relief or emergency funds?

THE PRESIDENT: Yes, but not in this.

Q What activities of the Treasury Department will be affected by the 21-million dollar cut?

MR. BELL: The Treasury Department increased for those years because of the administrative expenses in connection with emergency accounting, and the Bureau of Internal Revenue has gone up and also the construction of Coast Guard vessels.

THE PRESIDENT: They are all built now.

MR. BELL: There is nothing in 1939 because the money runs out.

Q I have the same question about Interior, there is a drop there.

MR. BELL: Well, that is due to some extent because of the running out of emergency funds, national parks and Indians.

THE PRESIDENT: For instance, in the coming year 1939 we are buying very little new land and the new land purchases were quite a big item for national parks and things like that.

Q If I may return to the Treasury Department figure here, there has been a good deal said on the Hill about insufficient staff at the Internal Revenue Bureau to handle certain phases of work down there. I wondered whether the appropriation had been increased for the legal staff and agents, etc.?

THE PRESIDENT: You have three of them here, they can answer.

MR. BELL: As I recall it, the Internal Revenue went up about two million dollars in 1939.

Q In your actual expenditures for 1937 and the estimate for 1938, which is this fiscal year, you were going to ask for a voluntary reduction of 10 per cent?

THE PRESIDENT: That is 1938.

Q Where is that reflected. You are going to spend more this year than you did last year?

THE PRESIDENT: That is emergency funds.

Q Some of these departments do not show any 10 per cent cut?

THE PRESIDENT: They did not cut to 10 per cent but it was a very material saving. Dan has those figures. That was as of last July.

Q Yes?

THE PRESIDENT: We got very material savings but I haven't got the figures.

Q Don't those tables show a saving of 16 million dollars?

THE PRESIDENT: It shows more than that. It shows 67 million dollars.

Q I am talking about the actual expenditures in 1937 compared with the estimated expenditures of the current year. Your cut was made in this current year. It was not the 1939 that I am talking about.

THE PRESIDENT: Well, we did two things: We began in March trying to make a definite saving on expenditures then and in June we started saving -- that was this year.

Q That was effected?

THE PRESIDENT: Yes, but I haven't got the number of millions on it.

MR. BELL: That 10 per cent applied to appropriations beginning in July. We set up 421 million dollars in reserves and we have 397 million dollars in reserves on appropriations made for the fiscal year 1938.

Q In other words, you took up 421 millions and in the six months you released 24 millions?

THE PRESIDENT: Yes.

Q In regard to the drop in Customs, is the agricultural conversion fund absolutely tied to one-third of Customs, or are you going to make it up somewhere else?

MR. BELL: That is not tied to Customs. It is only --

Q But, if the Customs receipts drop, then the amount drops unless you make it up somewhere else, in some other way. Have you provided for that?

THE PRESIDENT: No, because the estimated drop in Customs is very small. It is only 25 million dollars and a third of that would be only 8 millions.

Q Mr. President, is this money, any of it, this 397 million dollars, available for use in relief?

THE PRESIDENT: No. It cannot be spent on relief. It can only go back to the general fund of the Treasury, that is all that can be done with it.

Q If this 397 million dollars had not been impounded, then the 1938 figures would be that much larger than that table?

THE PRESIDENT: Yes.

Q It has been subtracted?

THE PRESIDENT: Yes.

MR. BELL: In making those estimated expenditures, we have taken those reserves into account.

Q You have subtracted them?

THE PRESIDENT: Yes. It is going to be awfully hard to pry

that 397 million dollars loose.

Now on Public Works, public highways, it was 173 in 1931, 209 in 1932, 178 in 1933, 267 in 1934, 317 in 1935, 243 in 1936, 350 in 1937, 280 in 1938, and we are figuring on 140 estimated for 1939 and hope to goodness the Congress will go along with it.

Q That means that Congress will carry out the terms of your letter to Chairman Cartwright?

THE PRESIDENT: Yes.

Q It seems to me we have jumped national defense.

THE PRESIDENT: Excuse me, I had no desire to jump it, I believe in it.

National Defense, is up from 957 this year to 991. It is also fair, I think, to say that in the fiscal year 1934, which shows only 499 millions for national defense, we spent a lot of NRA money on that.

MR. BELL: That is in there, but we did not get started.

THE PRESIDENT: It is in there, but we did not get started. It did not actually show until 1935 and 1936.

Q Are we, sir, building any national defense projects now out of Public Works funds?

THE PRESIDENT: I think they are all finished.

MR. BELL: Practically; there may be a little bit.

Q 991 is inclusive of the Navy Department?

THE PRESIDENT: That is all Army and Navy.

MR. BELL: Except Public Works for the Navy.

THE PRESIDENT: The only thing you can say that should be added to that 991 is that a lot of army posts and in some Navy yards we have WPA doing little jobs, building storehouses or things like that.

Q There is a 34-million dollar increase there. Can you tell us how that is divided between the Army and Navy or is it mostly Navy? That is, the jump from 957?

THE PRESIDENT: To 991?

MR. BELL: It is about 570 million dollars for the Navy.

THE PRESIDENT: What was it before?

MR. BELL: Last year it was 534 million dollars.

THE PRESIDENT: Then it is mostly Navy.

Veterans pensions and benefits. They show, of course, a very great reduction from 1931 for obvious reasons. It was 942 in 1931, 972 in 1932, 848 in 1933, and then came the savings on the 1933 Session, that Special Session, cutting it down to 554. It went up to 605 and then jumped in the bonus years to 2,348 and 1,128 and then, those having been paid, it dropped to 573 this year and will be 538 next year because we are still paying the twenty-year insurance.

Q Is that likely to be protected for some years?

MR. BELL: It is continuous, but it is non-recurring. We put in some pensions to take care of widows and children.

THE PRESIDENT: If they do not give us new legislation, it will go down.

Interest on public debts, 611 in 1931, 599 in 1932, 689 in 1933, 756 in 1934, 820 in 1935, 749 in 1936, 866 in 1937, 927 this year, and estimated 976 for the next fiscal year.

On the others, they dropped from 97 in 1931 to 50 next year.

Then we come down to Public Works and I talked about highways.

Q Does that 140 million dollars for 1939 presuppose that 100 million dollars will be lapped off the appropriation for that year?

THE PRESIDENT: On the appropriations, yes. It does not mean that authorizations won't be carried out but instead of carrying out to the full extent this year, we will carry them out only in part and then some more next year and the year after.

Tennessee Valley Authority, of course, is new and that has been running practically constantly.

Reclamation has gone from 13 in 1931 up to 69 this year and is estimated to be 60 for next year. Those are some of the big reclamation projects which are on the way. I think Grand Coulee comes out of that.

Rivers and harbors, improvement, as you see we have made a pretty drastic cut. They started at 51 million dollars in 1931 and ran up as high as 142 million dollars. This year we propose to cut them down to 60 million dollars. Those are new improvements.

Q Does this affect the Mississippi River improvements?

THE PRESIDENT: That is in there.

Flood control started at 37 in 1931, went down to 29 in 1932, then up to 71 for this year and were cut to 63 for the next year.

On public buildings, the same way. It started at 67 in 1931 and got up to 105 in 1933, is 74 this year and we plan to cut that to 53. That is to carry out the expenditures on buildings, mostly on those on which contracts have already been let.

Grants to public bodies, including administration, what are those, PWA?

MR. BELL: Yes, PWA.

THE PRESIDENT: That is to carry out the appropriations of the last Session.

MR. BELL: That is right; part of it.

Q Would that item include these municipal electrical projects that were authorized by the Supreme Court to go ahead? Would those be under that item, that is in the form of loans?

MR. BELL: Yes, those would come under loans.

Q Loans and grants?

MR. BELL: Yes.

Q If those are carried out, will that necessitate any change in the appropriation?

THE PRESIDENT: Maybe, but probably pretty slight.

MR. BELL: They are included in this picture.

THE PRESIDENT: Dan says they are included in this picture; in other words, that is money hung up on the wall.

Q Mr. President, on the public highways you have 140 million dollars. It is my recollection that Secretary Wallace just allocated 232 million dollars?

THE PRESIDENT: Well, he had to under the law. But we also sent a letter to all the Governors saying, "For God's sake, don't spend this money until you get it."

Q Is it necessary for Congress to do something?

THE PRESIDENT: They have to appropriate it before the Governors get it. Now the Governors have been put on notice that I am opposed to giving them the full amount.

Q In one of your conferences you said this was more or less a moral obligation?

THE PRESIDENT: That is the difficulty of it but, by giving them notice at least six months before they can possibly let the contracts and telling them that we may not be able to carry it out in the public interest, that we may be able to give you only a portion of it, so don't

make your contracts until you see what Congress does -- in other words, it is a moral obligation but it is not a great violation of it if you give two-thirds this year and another third next year.

Q Is grants under the Wagner-Steagall Act included under this item of grants?

THE PRESIDENT: No. You mean the new Housing Bill? You see, that is only really an administrative expense. The bill has not gone through yet. If and when it does go through the administrative expenses will be taken care of through the supplementary item, which is the last item on the budget.

Q That is the slum clearance bill last June?

THE PRESIDENT: The Wagner Housing Act; that is in there.

Q This item in Public Works includes some emergency money as well as regular appropriations?

THE PRESIDENT: Yes, that is right. This table is made -- it would be darn difficult for you to check on it, it comes from all kinds of funds and it is just to enable you to lump off a dozen different appropriations under the same heading.

Q This is the master table?

THE PRESIDENT: Yes, this is really the master table.

Q On the table on page XIX, there is some difference in the figures?

THE PRESIDENT: That is right.

MR. BELL: That is right; the table on page X includes the emergency money and the table on page XIX is only regular money.

Q What about the table on page XXI, where the total shown is larger than the total on page X? Take the Department of Agriculture, for example.

MR. BELL: That is because of a shift between these tables. This is to some extent a functional table, so you have to shift the funds. You cannot check this table with any table. We have tried to put this up to show what the departments require without any regard as to where the funds come from.

Q Is there any showing of the aggregate of emergency funds anywhere? You have a total of 6,800,000,000 approximately. What sum in that figure is represented by the emergency fund?

MR. BELL: There are two figures shown on page XIX, $1,138,000,000 for the estimated fiscal year 1939, and $1,979,000,000 for the estimated fiscal year 1938. It is called "Recovery and Relief."

THE PRESIDENT: So within that total that you have read of $6,869,000,000, this figure of $1,138,000,000 is listed under Recovery and Relief.

Q Then about 138 million dollars is going to be allocated for various other funds --

MR. BELL: No, it will be the liquidation of obligations carried over from 1938 into 1939. We incurred the obligation in 1938 but it is not paid for until 1939.

Q There is another figure in this table on page XXII, in the third paragraph, under Public Works, you have set up the Works Progress Administration for 100 million dollars and the Emergency Relief Program for 900 million dollars?

THE PRESIDENT: That is the liquidation of projects already undertaken. We estimate that 100 million dollars will be carried over from 1939 to 1940 for liquidating purposes.

Q The Emergency Relief is also the Works Progress Administration?

THE PRESIDENT: Yes. You come down to the same thing on this table on page X.

Unemployment relief, direct relief, is carried on our books at 350 for 1933, 715 for 1934, 1,914 for 1935, 591 for 1936, 184 for 1937, 126 for 1938, and then, this coming year, it is cut down to 35, which is a liquidating thing. Just to simplify the whole procedure, we are putting it under Work Relief just as fast as we possibly can. As a matter of fact, for the last two or three years, we have been working towards that and that relief figure is $1,000,100,000.

Q Actually, your unemployment relief figure is larger than your total figures.

MR. BELL: You have the Civilian Conservation Corps in there.

THE PRESIDENT: The CCC is 230, estimated for 1939, as against 310 this year and 385 last year.

Q Does this indicate that you will not ask for a deficiency appropriation for this fiscal year?

THE PRESIDENT: It does not indicate one thing. I told you all I had in the beginning. In other words, wait a minute until I read it once more: "The economic situation may not improve and I may ask for more money."

Q You have put in a billion dollars there where you normally don't put anything?

THE PRESIDENT: I think the last two years, both years, I left it out until March. This year it is in.

Q May I ask why you departed from your usual custom in asking relief?

THE PRESIDENT: It is a guess, anyway. I decided we might as well stick it in and make the figures as complete as possible.

(Mr. Early spoke to the President, explaining that this conference was overlapping the regular press conference.)

THE PRESIDENT: The next items we have are net loans and then we have subscriptions to stock.

On the Agricultural Adjustment program it was 290 in 1934, 743 in 1935, 541 in 1936, 515 in 1937, 442 this year, and it is estimated at 586 for next year. It is all practically authorizations for cotton payments. In other words, the increase the following year from this year is the cotton-payment provision.

Q What is the authorized total for the regular Agricultural Adjustment program?

THE PRESIDENT: Four hundred and forty million dollars.

Q That does not presuppose any increase in the cost of the Farm Bill?

THE PRESIDENT: No.

And then the Social Security is going up from 28 million dollars in 1936 to 813 million dollars estimated for 1939.

Q Mr. President, an increase in payments for unemployment relief would not affect the amount of the budget because it would simply change it from --

MR. BELL: You are talking about unemployment trust fund?

Q Yes.

MR. BELL: That is right; does not affect the budget.

Q There has been some suggestion that part of the Work Relief would be shifted over to the Social Security. I noticed an increase from 600 million dollars to 800 million dollars. I wondered if that is to take care of some types of relief.

THE PRESIDENT: They are unemployed people and people who have reached 65 years of age. In other words, amounts paid out in the form of Social Security, unemployment insurance or old-age pensions are, in one sense, relief, only it is done on an insurance basis instead of an actual appropriation for need basis.

Q I am sorry to raise it again, but this difference between the Works Progress Administration and Emergency Relief Program, does that mean that WPA is to be washed up and something substituted for it?

MR. BELL: No. The appropriation is not made to the Works Progress Administration. It is made to the President and he allocates it to the Works Progress Administration and other agencies. We merely stick in "Emergency Relief Program" so that the appropriation will be made to the President and he would allocate it.

Q And the 100 million dollars has been allocated to the WPA but has not been spent?

MR. BELL: Yes.

Q In other words, it would be an appropriation of 100 million dollars for WPA and a new appropriation of 900 million

dollars?

MR. BELL: A billion dollars' appropriation of which 900 million dollars will be spent in 1939 and 100 million dollars carried over to 1940.

Q The FERA is left blank. Is it assumed there will be no more?

MR. BELL: That is assuming it will be completely liquidated.

Q On this same page XXII, the Farm Security Administration is cut from 149 million dollars to 6 million dollars. Is there any explanation of that?

MR. BELL: That is the same thing as WPA, it is emergency money.

THE PRESIDENT: That is the old Resettlement Administration.

Q Why cut it down from 149 million to 6 million? There is the Farm Tenancy Program and I wondered whether that means the Farm Tenancy Program is being cut?

MR. BELL: Those items represent only the need end of it. That represents what the home owners will get. This does not represent the purchase of land.

THE PRESIDENT: That represents the people out in the Dakotas who, in the Wintertime, are getting some relief.

Q That does not apply to Farm Tenancy?

MR. BELL: Not all of it.

Q Didn't the last figures include the Farm Tenancy, the 149 million dollars?

MR. BELL: No; that is the amount that took care of relief and rehabilitation.

THE PRESIDENT: That took care of Greenbelt and so on.

Q Where is the Budget item for Farm Tenancy?

MR. BELL: That is in Agriculture. That is mostly land. There is part of Farm Tenancy and rehabilitation in here and the Act requires the President to allocate emergency funds so we will have to allocate part of the 900 million dollars down to Farm Security Administration.

Q How much will it be?

MR. BELL: It depends on how much the President allocates.

Q Has he budgeted for any allocation in the next year?

MR. BELL: That will have to come out of the 900 million dollars.

Q Then Farm Tenancy is Farm Relief?

MR. BELL: Part only; the rest is in Agriculture.

Q On that veto recommendation, in case they find out they can do this by legislation, do you hope to have an opportunity to work on it this year?

THE PRESIDENT: I haven't any idea; I haven't thought of that.

On the Railroad Retirement, you see it was greater this year than it will be next year. It was 139 million this year and will be 119 next year.

That is because it was tied up in the Courts.

On supplemental items, that is the "kitty." (Laughter)

Q Mr. President, if you could go back a moment to the 10 per cent saving you were supposed to make, do the estimates tell how that 397 million dollars still in reserves compares with the expenditures and appropriations on page 836 where only a 200-million dollar reduction in the appropriation is indicated?

MR. BELL: You mean appropriations of 1938 compared with 1939?

Q No, expenditures and appropriations in 1938.

MR. BELL: Of course there is no direct relationship between expenditures and appropriations because you have large construction items which were appropriated for five years ago and which will be expended in 1938. They always extend over for several years.

THE PRESIDENT: Why don't we do this, unless there are no more questions. We can go out and have the regular press conference and then if there are detail questions about this, Dan could come in afterwards and answer them.

Q Mr. President, does this Budget Message or the Budget itself anywhere show the amount of money that has been appropriated by the Congress and is still in some of these Government departments unspent or still in the Treasury unspent?

THE PRESIDENT: I don't think so.

Q Do you have any idea of how much that would total?

MR. BELL: I would hate to guess.

THE PRESIDENT: I don't know. We know there has been authorized about a billion and a half dollars for which there is no appropriation but as to the amounts actually in the departments that have not been spent and that could be spent without re-appropriation, I don't know.

MR. BELL: Whatever table is made up on that would have to be interpreted anyway because you have such agencies as the RFC with tremendous appropriations that will never be used, and that would be very misleading.

(The Press Conference adjourned at 4.10 P.M.)

CONFIDENTIAL
Press Conference #422
Executive Offices of the White House
January 4, 1938, 4.20 PM

THE PRESIDENT: Well, having talked to the bankers (referring to Budget Press Conference) for the last hour, I am glad to welcome the medical profession. I don't think there is any particular news.

Q Mr. President, in Detroit today the Hudson Motor Car Company announced a new small automobile to compete with Chevrolet and Ford. They announced also that they would put six thousand men to work in a few weeks in addition to the six thousand men already at work, that they were going to spend eleven million dollars, and that their payroll would be increased by over a million dollars more than it is. The news is rather good for this season, and I was wondering if you would care to comment.

THE PRESIDENT: Excellent, excellent, perfectly fine. I wish we had more of them. Which reminds me -- I might say, soliloquizing -- I will tell you a story. Last August, the last week of August, I was in a little village and I happened to know the fellow who runs the garage and who is also the agent for one of the larger automobile

companies. We used to play on the same ball team together. I said, "Bill, how are you getting on?" He said, "I am getting on too damn' well." I said, "What do you mean?" He said, "It is this way: You know, people in this vicinity to whom we cater own a total of about one hundred automobiles, pleasure cars, which they use. Well, these people are not rich and they do not get a new car every year. They get their cars every three years or four years or five years or six years. I figure the average turnover is about one car, one new car every three years, perhaps a little bit more. I figure they ought to buy about thirty new cars every year." Then he said, "This year, in this community, they have bought sixty-two new cars. Well, I have sold a lot of them myself. I have sold over half of them myself. I had no right to and they had no business buying sixty-two new cars. That means that next year I am going to have an awful year. Sixty-two families out of a hundred have new cars and I don't think next year I will sell more than ten or fifteen cars. That is why I say I am doing much too well."

I said, "How do you account for it?" -- I just use this by way of expression of one of the evils I mentioned yesterday (message to Congress) -- and he said, "There are

two reasons: The first is that all of us fellows who sell cars, they have been pushing us to sell more cars and we have been told to hand out a line of talk."

I said, "What kind of a line of talk?" He said, "We have been handing out a line of talk that next year the cost of an automobile will go up a hundred dollars, that you had better buy now, that next year it will cost a hundred dollars more. You have no idea how that word has been spread out in this country -- 'buy now or you will have to pay more next year.' A lot of people bought on that that would not have bought otherwise. Another reason is that they did something I thought was awfully foolish. We have been selling cars on an 18-months' paying basis and they told us that we should adopt this new policy of selling on a 24-months' paying basis. Well, what does that mean? I used to go and say, 'Buy a new car and pay for it at forty dollars a month.' I can now go to them and say, 'You can get a new car for thirty dollars a month and pay for it in twenty-four months instead of eighteen months.' They say, 'That is pretty good; I guess I will buy.'" In other words, they have been budgeting cars too fast.

That is one illustration. Another one is that a

very large steel manufacturer -- I said to him the other day, "How come that you suddenly dropped from 90% to around 28%?" "Oh," he said, "a lot of factors entered into it. One was automobile steel. Then there was another curious thing that happened: The railroads in the country last Spring, they suddenly came to us and gave us orders for all the steel rails that they needed for a full year and they said, 'We want them now,' so all through the Summer we were turning out steel rails and working seven days a week, to fill these orders and they got all their steel rails in the course of the Summer months, and now they do not need, they do not want any more for another nine months."

I said, "What do you think of it?" He said, "I call it highly unintelligent."

That is another illustration.

Q Is that another parable?

THE PRESIDENT: No, it is a straight story -- actual illustrations.

Q Stories about sixty-two families?

THE PRESIDENT: Oh, no; it has nothing to do with individual people. It is just an unintelligent way of handling business and it is admitted by the people today who were responsible for it.

Now, we want to help them so they won't do that sort of thing in the future. If there is any way in which the Government can help, we will help.

Q Why did the railroads want the rails right away?

THE PRESIDENT: Because they thought the price of rails might go up. I think that was the chief thing.

Q Would you say it is a good business idea for a firm at this time to expand as this firm is doing?

THE PRESIDENT: I don't think I can go into that because this, after all, is a selling campaign. If we can put men to work building cheap cars for the people of this country, that is pretty good, with emphasis on the word "cheap".

Q How can the Government do anything to prevent this type of unintelligent business operation? Can you give us any idea of how you would go about it, what can be done?

THE PRESIDENT: Oh, yes; I think so. Let us take an example: Don't write the story that I am advocating the immediate reenactment of NRA. But the fact remains that under NRA in quite a number of the code industries it was perfectly legal for the heads of all the companies in a given industry to sit down around a table with the Government and figure out, from their own statistics, the statistics of their own trade associations, and the statistics given

them by the Government, much more clearly than they ever had before as an industry what the probable demand of the country would be for a period of six months or a year ahead. In other words, they could make a more intelligent group estimate as to the purchasing power of the country and the inventories of the particular article for the immediate future.

Now, done that way, it is a perfectly legitimate thing for them to do, sitting there with the Government and trying honestly to work out and find out what the needs are going to be for the next six months or a year so that they won't over-produce, just so long as it is done without any reservation about price fixing or driving competitors out of business or things like that as a result of the conference.

There is a question today, under the anti-trust laws, as to whether a meeting of that kind, around a table, is legal. A lot of them are afraid of it. I would very much favor making it a completely legal thing to do, for them to meet around a table to find out what the demands are, what the purchasing power is, what the inventories are, with the help of the Government.

Q How would the estimated annual production be allocated among the units of the industry?

THE PRESIDENT: Don't do that -- keep competition.

Q Would you then propose, in your recommendations to the Congress on business legislation, that this law be clarified?

THE PRESIDENT: I don't know; I haven't got as far as that.

Q Have you any idea of when you will send that message up?

THE PRESIDENT: Still as a guess, I would say not for two or three weeks. I haven't got around to it yet.

Q Have you had an opportunity to judge the reaction of the Nation and business to your message of yesterday?

THE PRESIDENT: I haven't even read the morning papers.

Q Do you approve of negotiation for a consent decree while a grand jury is in session, as in the Judge Geiger case?

THE PRESIDENT: Well, I don't know; I hate to criticize the courts. (Laughter)

Q Mr. President, the Chesapeake & Ohio has refused to go on the Erie's notes despite the RFC's entire willingness to advance money. Can you comment on that?

THE PRESIDENT: Except that I very heartily approve of Jesse Jones' comment. You got that? I have got it here somewhere. Anyway, his comment was good. Read it.

Q In your message yesterday, you mentioned the need for responsibility on the part of labor organizations which should grow commensurately with their own power. I wonder

if you think there is a need for further responsibility on the part of labor unions at the present time?

THE PRESIDENT: Yes -- I think it is growing too. For example, there has been among labor unions a distinct gain in making public their accounts, their accounts of receipts and disbursements. Isn't it the Garment Workers Union in New York that makes public their receipts and disbursements?

Q Yes, sir.

THE PRESIDENT: That is a growing tendency and it is a good thing.

Q I think his question referred to the need and your answer implied --

THE PRESIDENT: Oh, no; I meant there was a growing assumption of responsibility.

Q You said it was a good thing that this trend is now evident. Could you explain that a little further?

THE PRESIDENT: I don't know. The trouble is that you come down to specific things. I suppose the easiest way of putting it is this: That in England, on the part of labor unions, there is a great deal more responsibility than there is here. They went through the growing pains that we are going through now, they went through them ten or fifteen years ago, and we are trending in the same

direction they have been going.

Q There is an interpretation of that in the message yesterday which, with an idea that has been growing among some members on the Hill -- an idea of having labor unions made responsible by legislation, responsible for their contracts, mutually responsible with employers.

THE PRESIDENT: It is awfully difficult to answer that specifically. All we can point out is a series of cases where we have got to devise ways and means for their not going on in the same way. Just for example, there is a very difficult situation at the present time out in Portland, Oregon, where they have these lumber mills where they saw up the logs. A great many years ago -- a good many years ago they organized a union among the workers in those mills -- they are not out in the forests, they are in the mills -- which became an affiliate of the A. F. of L. and which was placed under the jurisdiction of Hutchison (?) of the Carpenters Union, and later on the CIO went into the same plants and organized. As I remember it, the Federal Government had an election there and the CIO organization won a majority, whereupon the minority refused to accept, pulled out the teamsters and tied up everything tighter than a drum. Later on the Governor of Oregon held

another election. He thought it would go the other way. It didn't. They still went CIO by a bigger majority. The entire works were still tied up.

That would seem to be a local situation, but it isn't. It extends back to the East Coast. The carpenters on the East Coast are told that they cannot build a house out of red wood that is shipped out of Portland, Oregon. That is a pretty impossible situation, to tie up building construction in the East because there is a jurisdictional fight.

That happened to be between the A. F. of L. and the CIO. You get the same thing in building trades. You want to put a garbage chute into a new apartment house or a dumbwaiter chute, and one particular union might start to go ahead with it when the elevator shaft men would say, "No, that is an elevator shaft", and then the whole building is tied up. That is the kind of thing I was referring to. We need definite improvement to end jurisdictional disputes.

Q Do you expect to get it done with Federal legislation?

THE PRESIDENT: I don't know.

Q Do you think it should be done with Federal legislation?

THE PRESIDENT: I think the first thing is to give them a chance to do it themselves, the same way we gave capital

a chance to cure some of their ills; do it, so far as possible, without legislation.

Q Does that imply that if capital does not do it that legislation may be had?

THE PRESIDENT: If neither side cures their ills, something will have to be done.

Q Referring to the responsibility of labor organizations, have you anything in mind as to existence of irresponsibility? (Laughter)

THE PRESIDENT: That is a beautiful question; after all, what I have been talking about is irresponsibility -- I called them jurisdictional disputes.

Q Are there any new appointments in sight?

THE PRESIDENT: Yes, on the horizon.

Q Western or Eastern horizon? (Laughter)

THE PRESIDENT: No -- Western horizon.

Q Has the Third Assistant Postmaster General come over the line yet?

THE PRESIDENT: Not yet; he is about half-way over the horizon.

Q Any Assistant Secretaries of Labor?

THE PRESIDENT: That has not appeared over the horizon yet.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #423
At the White House

Friday, January 7, 1938 -- 10:45 A.M.

All in!

THE PRESIDENT: I have appointed Charles V. McLaughlin of Nebraska to be Assistant Secretary of Labor in place of Ed McGrady, and that can be announced any time you want, because it does not go to the Senate.

Q How do you spell that name, Mr. President?

THE PRESIDENT: M-c-L-a-u-g-h-l-i-n.

Q Does he have any labor affiliations, Mr. President?

THE PRESIDENT: Yes, railroad; Steve will have a little sketch for you.

Q You have appointed him?

THE PRESIDENT: Yes. That doesn't go to the Senate for confirmation. Then on the ambassadors I am going to ask you to hold them until the time they reach the Senate--they will be up there at 12 o'clock, but please hold them until that time: Joe Kennedy to be Ambassador to Great Britain; Hugh Wilson, of Illinois, to be Ambassador to Germany; and Norman Armour, of New Jersey, to be Ambassador to Chile. Then at the same time--perfectly all right for you to announce these right away--Joe Davies is going to Brussels in the spring--the actual date I can't tell you, maybe as late as June.

Q Ambassador to Brussels?

THE PRESIDENT: Yes.

Q And you say it is all right to announce it right away?

THE PRESIDENT: On the names that go to the Senate, wait until they get there.

Q What is becoming of Hugh Gibson, Mr. President?

THE PRESIDENT: I don't know yet; and George A. Cook, of Illinois--that is going to the Senate--to be a member of the National Mediation Board for the remainder of the term expiring February 1, 1939, to succeed the late James W. Carmalt. I think those are the only things I have got.

Q February 1st, 1939--Jim Carmalt's place?

THE PRESIDENT: Yes, his term.

Q Mr. President, is there any nomination for that vacancy, the Assistant Secretaryship of State, yet?

THE PRESIDENT: No, it is not vacant yet. (Laughter.)

Q Mr. President, the last report of the Postmaster General showed that it cost the Government thirty-eight million dollars to distribute the daily newspapers, and they received nine million back; they also expended thirty-three and a quarter million dollars for all others, and they received about nine million back. Do you think it is a healthy sign for the Government to subsidize the press?

THE PRESIDENT: I have always felt it was not a healthy thing. It was started in the very early days in this country on the theory that there were a large number of communities in the country which had practically no means of receiving the news of the day, either by magazines or the daily press. That was the origin of it. The thing speaks for itself today. Practically every community in the country has got excellent mail and delivery service, and there is the fact of the figures.

Q Are you going to do anything about it, Mr. President--make any recommendation?

THE PRESIDENT: I should think it would be an awfully good thing if the press did something about it--the magazines. Let's have something started here in the way of ethical reform by some other agency than the Government. Isn't that a good way of putting it?

Q Excellent! Your suggestion has already been carried out through a certain section of the press.

THE PRESIDENT: That is true; I read about it last night.

Q A large part of that is free circulation. It is not the daily, it is the country editor who would rather object to it, I suppose, and he is never going to start any reform on it.

THE PRESIDENT: No; of course on the country editor you have again a somewhat different situation. Take Dutchess County; when I was a boy it was practically impossible to get a Poughkeepsie newspaper out into the county the same day it was published, on account of the roads. And we had there the problem of distribution. At that time there were four roads that went--railroads--that went from Poughkeepsie out into the county; one was the Poughkeepsie and Eastern, another was (pause) --well, there was another that I have forgotten, it has been abandoned so long; but there were four that went out through most of the county; but today none of those railroads carry mail; they are just little feeder lines.

Q Mr. President, there is one thing that has always interested me about this deficit in the Post Office Department; why is that Department expected to operate without a deficit when no other department is expected to make expenses?

THE PRESIDENT: It is the only department of the Government that has an

exclusive business monopoly; if there were any other departments of the Government that had an exclusive business monopoly, they ought to be put on the same basis.

Q The Department of Agriculture represents the farmers and this represents everybody. I never could see why it was necessary to insist that the Post Office Department must break even.

THE PRESIDENT: If you take the Department of Agriculture, they spend a tremendous amount of money on which there is absolutely no return whatever. They couldn't be made self-supporting. Their extension service is all over the United States, and there is their aid to State colleges of agriculture from which they never get any return.

Q I understand that, but it is a help to a particular class while this is a help to the whole United States.

THE PRESIDENT: Yes.

Q Mr. President, speaking of monopolies, did you hear Mr. Jackson and Mr. Wilkie debate last evening?

THE PRESIDENT: No, I was having a dinner party.

Q Would you care to tell us what "Curly" Byrd, president of the University of Maryland, was here for today?

THE PRESIDENT: We were talking about the status or application of a P.W.A. loan and grant, and I am looking into the thing. I haven't had any report yet.

Q What is the money for, Mr. President?

THE PRESIDENT: Various things at the University of Maryland.

Q Is that a new development, Mr. President?

THE PRESIDENT: No, it seems to be a question of fact as to whether the

application got in under the wire, whether there was an offer on the part of the legislature, and things of that kind. I don't know the pro's and con's yet, but I am looking into it.

Q Necessarily, we are all interested in the identity of the successor to Justice Sutherland. Will you tell us anything about that?

THE PRESIDENT: No, we have gone back into the good old era of guessing--

Q You mean here, Mr. President?

THE PRESIDENT: On the part of the press. There won't be any intimation or suggestion--there won't be anything you can hang your hat on.

Q Until when, Mr. President?

THE PRESIDENT: Until the nomination goes to the Senate.

Q Are you going to tell Steve Early about it this time, Mr. President?

(No answer.)

Q Mr. President, are you in favor of the methods being used in Jersey City in dealing with the C.I.O.?

THE PRESIDENT: I don't know what they are.

Q Can you comment on Mr. Knudsen's visit yesterday, Mr. President?

THE PRESIDENT: Oh, we had a very nice talk; that is all. One of the subjects we discussed was the subject we talked about here, and that was pushing sales too fast through various methods.

Q. Mr. President, did Mr. Knudson have any remedies for the ills of which he complained?

THE PRESIDENT: No--not yet.

Q Mr. President, Mr. Sirovich introduced a resolution asking you to intervene in Roumania.

THE PRESIDENT: You will have to ask the State Department about that.

Q Mr. President, did you plan a conference with Secretary Roper's Advisory Council?

THE PRESIDENT: They are coming in--what day?

MR. EARLY: The 19th.

THE PRESIDENT: Yes, they are coming in the afternoon, about 5 o'clock.

Q Have you finished the writing of your speech?

THE PRESIDENT: I haven't begun it. I am going to leave here at 11:30--if Steve will let me--and work on that.

Q Mr. President, in your "if" supplemental naval consideration, do you plan on any fortifications on the Pacific?

THE PRESIDENT: I haven't taken that up at all.

Q I notice the Army Engineers are to spend $1,700,000 out in the Wake and Midway Islands.

THE PRESIDENT: I don't think any of that is for military defenses at all; I think it is merely navigational--air navigation, and work on the lagoon so that you can get supply ships in there to take care of the commercial aviation facilities of both those islands. You better check on it; that is my recollection.

Q Do you favor the creation of a three-man civil aeronautics board to replace the Bureau of Air Commerce?

THE PRESIDENT: I think that matter is confidential.

Q Not any more, Mr. President.

THE PRESIDENT: There was an agreement reached by an interdepartmental committee on the government relationship to civil aeronautics. The way we got it was by orders for them to go into a room and not come out until they had reached an agreement. Of course you know that for

the past two years every proposal that has been made on the Hill looking toward a permanent method of administering civil aeronautics has met opposition from one branch of the Government or another. This summer I told them to go into a room and bring me a unanimous report. Clarence Lea and--what's his name?--Pat McCarran told them the news that this thing had been accomplished, and I handed them the memorandum of what they had agreed on. The memorandum, briefly, is more in line with the McCarran bill of 1934 than with the bill of 1937. So both Senator McCarran and Representative Lea are studying these recommendations at the present time. If you want to get copies from them, that is up to them.

Q That 1934 McCarran bill--was that recommending a commission?

THE PRESIDENT: A Civil Aeronautics Commission.

Q An independent agency?

THE PRESIDENT: Yes.

Q You said Mr. Knudson had no recommendations yet; do you expect some?

THE PRESIDENT: I hope so; in other words, the discussion isn't over.

Q Thank you, Mr. President!

Q On that civil aeronautics, you say that Board has made a recommendation to you, and it goes back to 1934?

THE PRESIDENT: It is more like that than the 1937 bill.

Q That explains why McCarran said the other day he favored an independent agency.

The Press Conference adjourned at 10:57.

CONFIDENTIAL
Press Conference #424
Executive Offices of the White House
January 11, 1938, 4.10 PM

THE PRESIDENT: The handkerchief denotes a slight cold in the nose. I say that because otherwise you might think I was weeping over Mark Sullivan's hen that ate the wrong grasshopper. (Laughter) Read the story, it is good.

Outside of that there is no news at all.

Q Mr. President, I think we would all be interested in learning any details or any conclusions regarding your conference today [with] utility leaders.

THE PRESIDENT: Well, in that particular case we talked primarily about two intra-state matters. One was within the State of California and the other was within the State of Texas. Neither of them were matters in which the Federal Government has any legal authority. All we can do is to act -- I suppose the easiest way is to call it as amicus curiae with the hope that they won't come to a duplication or a paralleling of power lines, but that is as far as the Federal Government has any right to go.

Q How is the progress of the message for supplemental naval or national defense construction?

THE PRESIDENT: I haven't done a thing on it yet; I have been too busy.

Q Does either one of these intra-state situations involve Federal money?

THE PRESIDENT: Yes, all grants, on the same theory of course that a municipality is the sole judge of what it goes into, or an irrigation district in the sense of a municipality.

Q Are those PWA grants?

THE PRESIDENT: I think they are all old ones.

Q Is that the lower Colorado in Texas?

THE PRESIDENT: The Colorado -- I think four small dams on the Colorado and two on the Brazos. The total amount of horsepower involved in all six of those dams, firm power, is very low, but, of course, it is a factor.

Q Can you tell us something in advance of your five o'clock meeting with the business men?

THE PRESIDENT: I don't know a thing.

Q Mr. President, speaking of business, do you care to name the minority of business that you have spoken about in your message?

THE PRESIDENT: No, that is a silly question, Fred (Storm).

(Laughter)

Q Have you identified them in your own mind?

THE PRESIDENT: By individuals? No. That is spot news. I am

talking about a generic group. Get away from spot news stuff. This is a conception; it is not any question of whether it is 59, 60 or 61 or 160 or 260. But it is a handful compared with the total. You cannot particularize except in a spot news story and this is not a spot news story, obviously.

Q Mr. President, is it safe to assume that the gentlemen you called here in conference do not --

THE PRESIDENT: No, no connection at all.

Q Aside from spot news, Mr. Sloan is supposed to be here later this afternoon. Some time ago he created an endowment fund of ten million dollars --

THE PRESIDENT: Who did?

Q Alfred Sloan -- to educate the public in basic economic facts. The point I wanted to bring out was whether it was in the course of wisdom to permit the segregation of these large blocks of American wealth and put them outside of the taxing power. Is it a tendency to be encouraged?

THE PRESIDENT: There again it depends entirely on anybody's opinion. Is a foundation for health purposes good? Yes and no; sometimes yes and sometimes no. Is a foundation for educational purposes good? Sometimes it is and sometimes it is not. I don't know enough about those, even

to form a personal judgment. And, if I did, it would be only my personal judgment and yours might be just the opposite.

Q We have had these series of endowment funds -- Sloan's ten million dollars, the Mellon Estate, another large amount, and then, going back, --

THE PRESIDENT: The Mellon Estate was art, was it not?

Q Yes.

THE PRESIDENT: The Rockefeller Foundation is medical. I think on the whole, my offhand feeling is that the great majority of them are doing a very valuable work, very valuable.

Q Mr. President, have you any more diplomatic transfers or appointments in the works?

THE PRESIDENT: I don't think there is anything on that. No, I don't believe there will be anything for quite a long while.

Q Mr. President, have you analyzed or had analyzed Wendell Willkie's memo to you? You have had it for some time.

THE PRESIDENT: I would hate to do it offhand, Pete, without a copy of it, and I haven't got a copy in front of me.

Q Will you do that for us some time?

THE PRESIDENT: Yes, I will try to bring it down. Steve, will you remind me?

Q Can you tell us about your discussion with Frank Murphy?

THE PRESIDENT: Oh, everything from the Philippines to Michigan.

Q Did you talk about the automobile industry?

THE PRESIDENT: Yes.

Q Can you tell us along what line the general discussion was?

THE PRESIDENT: Only in a very general form because, again, I cannot make spot news on it. We talked about certain things in the automobile industry which possibly, with the help of the industry -- conditions which were not so good along certain lines could be improved. I cannot specify any further than that. I suppose probably this afternoon, when Mr. Sloan is here, I will probably talk about some of those things with him.

Q You are going to see these gentlemen together?

THE PRESIDENT: Yes.

Q Is there any special thing you intend to discuss?

THE PRESIDENT: No.

Q Are they coming here at your invitation or did they ask to come in response to your invitation Saturday night? (Referring to Jackson Day dinner speech)

THE PRESIDENT: As I understand it, they talked with two or three friends of mine and said they would be glad to come down here. So, in a way, you might say the invitation

came out from here but, at the same time, you cannot say they asked to see me or that I summoned them.

Q When did they talk to your friends?

THE PRESIDENT: Oh, I should say last month.

Q That was prior to your speech, then?

THE PRESIDENT: Oh, yes.

Q Have you planned any more utility conferences?

THE PRESIDENT: I think there are some more in the offing but I could not tell you when. I don't think any dates have been set.

Q Are you working towards any kind of a formal statement of policy on utilities or anything like that?

THE PRESIDENT: No, I think they have been made pretty clear.

Q Did you and Governor Murphy discuss the relief situation?

THE PRESIDENT: Only for about two minutes. He is going over to see Aubrey Williams.

Q Have you any comment to make on the general attitude of the press towards the War Referendum -- the resolution?

THE PRESIDENT: To tell you the honest truth, I got into it so much with both feet the last couple of days that I did not follow the press very carefully on it. All the papers I saw were all right from my point of view on it.

Q You think that they were okay?

THE PRESIDENT: The ones I saw certainly were. I have not worked out any percentage on it but I think all the ones I saw were grand.

Q A new air line has been opened between the United States and New Zealand. I think you had a blanket given to you the other day from the Premier.

THE PRESIDENT: Say, who has got that blanket? I read about it in the papers and I haven't seen the blanket. (Laughter)

Q I think Mac is having an overcoat made of it. (Laughter)

MR. McINTYRE: I posed in it, using it as a serape over my shoulder.

THE PRESIDENT: That is interesting, but where is it? (Laughter)

MR. McINTYRE: I sent it over to the house, sir -- your house. (Laughter)

THE PRESIDENT: Really? I ought to see that, you know. (Laughter

Q Mr. President, would you care to say what you believe would be the benefits resulting from such a new line of transportation?

THE PRESIDENT: It is not really opened, is it, Fred (Storm)?

Q I don't think it is opened for commercial operation as yet, sir.

THE PRESIDENT: I still think they are doing the experimenting. I think I had better wait until the line is opened and

then probably we will have an interchange of letters with the Premier of New Zealand and so forth.

Q And some first day covers?

THE PRESIDENT: That's right, yes.

Q Is there any likelihood you will have a statement to make after this conference this evening?

THE PRESIDENT: No.

Q In your talk with Governor Murphy, what aspects of the Philippines question came up?

THE PRESIDENT: Nothing current; nothing of immediate interest.

Q Was there any new development in the Philippines situation in your talk yesterday with Mr. Sayre?

THE PRESIDENT: We talked yesterday about the progress of the trade agreement negotiations. The Philippine delegation is arriving here the end of this month and they seem to be getting on pretty well.

The general theory -- there is no reason you should not know this -- the general theory on which we are working, and that is the general agreement on the principles because when you come down to details you have different views that have to be reconciled before you can get an agreement -- the general theory being that over a fairly long period of years, say between now and 1960, we will

work out a gradual scaling down of the present trade relationship to the point where the Philippines and ourselves will have the same trade relations as we have with every other independent country. That is based, of course, on the continuance of the present law, which is independence for the Philippines in 1946. Then there will be a further period of about fourteen years, something like that, during which they will work into the status of any other foreign government.

Q That will be 1960?

THE PRESIDENT: Yes.

Q In the interim, will the Philippines have the same relations with us as Cuba, with preferential tariffs and that sort of thing?

THE PRESIDENT: No, it is a different thing. We have a trade agreement with Cuba which, however, is open to other nations. That is an entirely different thing.

Q Haven't we preserved in all our other trade agreements a differential? Don't we give Cuba preferential treatment over other nations?

THE PRESIDENT: I think other nations can come in on that except for certain quotas under the sugar legislation.

Q Anyway, there would be a preferential for the Philippines during that first period?

THE PRESIDENT: Yes, but it is not a continuing preferential along the same basis year after year. Each year it works towards the 1960 period when it will be on the same terms as every other nation.

Q This would start after 1946?

THE PRESIDENT: Starting right away.

[McDuffie]

Ad3 9-15-55

Q Would that require an amendment of the Tydings-Duffy Law?

THE PRESIDENT: No.

Q That provided for import duties -- taxes going on in 1940, 5% to 25%.

THE PRESIDENT: Yes, it would change that.

Q This leaves the political position approximately the same?

THE PRESIDENT: Yes.

Q The U. S. Tariff Commission pointed out that some of the industries of the Philippines would be crippled by the time they obtained independence in view of the fact that they got preferential treatment.

THE PRESIDENT: That is it, and this gives them a period of fourteen years longer to get on their feet. Let us take a simple thing: Suppose the tariff were 14%. It would be increased 1% each year for fourteen years.

Q Have you asked the Secretary of War to get out of the present State and War Building to make more room for the State Department?

THE PRESIDENT: No; they are getting out of whatever the number of thousands of square feet it is -- they are moving certain sections so as to give the State Department a chance to move some of its people back.

Q Have you been advised of the formation of a committee in the Middle West to support the trade agreements progress?

THE PRESIDENT: No. I knew that there were moves on foot in various parts of the country, but I had not heard about that. Where is that, in the Middle West?

Q Yes.

Q One more question about the Philippines: Do you anticipate that between now and until 1946 --

THE PRESIDENT: I don't know enough about the details of it except the general principle that starting as soon as this agreement is made we will scale down on the one side and scale up on the other.

Q Under the law this scaling process would begin in 1940 or 1941?

THE PRESIDENT: Yes, along there.

Q Do you contemplate any new air bases to take care of possible military or naval expansion?

THE PRESIDENT: No. Has Miami been asking for another one?

Q Probably Portland, Maine. (Laughter)

THE PRESIDENT: If Portland, Maine, wants one we will send them one of those Civil War monitors the way we did in 1898.

(Laughter)

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #425
Executive Offices of the White House

January 14, 1938, 10.40 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: I don't think I have any news in particular. I found the memorandum (Wendell L. Willkie memorandum). I guess it was Pete who was asking about it.

Of course we have been working on the subject since this memorandum was left. This is away back in November, November 23rd, and there has been a lot of water which has gone over the dam since then. This whole memorandum, of course, is based on treating the utilities as a whole, not differentiating between the four inches and the ninety-six, and we have got a new definition now in the minds of the public. It is the same old story about trying to lump all business together. We have got away from it now, but this memo was based on the old-fashioned idea of lumping all the utilities into the same category. There is nothing particularly new about it. It is marked, "Confidential" so I cannot give you the thing textually.

Q Will you work on this one now? (Giving the President a newspaper clipping containing the memorandum referred to)

THE PRESIDENT: Sure; I did not know it had come out. That is fine. I had no objection to its coming out but the darned thing is marked "Confidential" so I did not know.

Q It came out while we were in Florida.

THE PRESIDENT: In the first place, this memorandum indicates that it expresses his own personal views and proposals, acting on behalf of The Commonwealth & Southern Corporation. It does not speak for anyone else.

It goes on to say, "In my judgment, the greatest immediate requirement of the utility industry is a large inflow of common capital indispensable for much needed additional construction."

I think that is perfectly true in regard to the operating companies, a great majority of the operating companies.

(Reading) "I have certain suggestions which I believe will immediately stimulate such investment and make possible a large construction program with a considerable increase in employment.

"One of the factors of great importance to the investor in the utility industry is a stable method of property valuation. You have recently recommended what I understand to be the 'prudent investment' method. The utilities of the country

have issued most of their securities . . . . under court rulings which have required that in fixing the value of utility properties, the reproduction cost must be one of the elements considered."

Of course, that immediately brings up one subject which he does not mention in this and that is the amortization of securities. If, as a practical purpose, the securities of the operating companies which had been issued under the former rulings of the Supreme Court had been amortized, you would not have very much difficulty with the capital structure at the present time.

(Reading) "I think the chief objective is to find a method that will induce the investment of capital in the industry. I am fearful that the retroactive application of any new method would be disturbing to the capital market."

Again speaking of the operating companies, if an amortization or sinking fund had been set up on the senior securities when they were issued which, of course, we think now is a sound thing, you would not have any trouble in the way of disturbing the capital market.

(Reading) "On the other hand, the utilities, if informed in advance, can adjust themselves to a new method to be applied in the future.

"In order to reconcile conflicting ideas, therefore, while at the same time avoiding such disturbance, I have to suggest the following formula:

1- That the utilities immediately eliminate from their capital structures all write-ups heretofore claimed by the Federal Trade Commission."

Again you have to differentiate between the operating company and the holding company and, frankly, I don't know enough of that particular Federal Trade Commission report -- it was not on all of them, it was on some of them -- to give an intelligent answer to that particular suggestion. Some of it may be all right and some may not. Of course it would have to be gone over again before you would get to a final decision.

(Reading)

"2- That the utility valuation under the rule established by the courts apply either up to this date or to the date of the commencement of your first term as President and that after such date and for the future the prudent investment method be adopted."

Of course that is impossible because if the thing is wrong now or has been wrong since the 4th of March in 1933, I cannot see where you have any right morally

to compound a felony by law, with the Government saying that the crimes of the past will be entirely forgotten and forgiven and that we will leave the water or the wind in the existing capital. Two wrongs do not make a right. I think that is perfectly obvious.

(Reading) "But an understanding as to the method of valuation is, in my judgment, only one of the clarifications necessary in order to establish a relationship between the government and the utilities which will restore investment confidence in the industry. There are certain questions in the mind of the prospective utility investor -- "

Again the question of the utility investor --

(Reading) " -- with reference to such things as the action to be taken under Section 11 of the Public Utility Act of 1935; the procedure of selling power to be practiced by federal agencies such as the Tennessee Valley Authority, and the accounting practices to be followed by those agencies; the future policy of the Federal Government with regard to the making of gifts and loans to municipalities to build duplicate utility systems.

"In order to answer these questions in the public mind, may I suggest the consideration of the following program:

1 - Clarification of the Public Utility Act of 1935 as follows:

(a) Retention of all its regulatory provisions over financing and accounting practices, issuance of securities, relationship between operating companies and holding companies, etc.

(b) Modification of . . . . the . . . . 'death sentence.'"

Of course, there you come right down to the heart of it. In other words, he wants the four-inch tail to be legalized for all time to come. We cannot agree on that, ever.

(Reading) "2 - Determination of the following policies for the Tennessee Valley Authority and other similar federal projects:"

Well, there are a whole lot of them, six of them, in this memorandum and the answer is two-fold: In the first place, we are all agreed that the percentage of territory, population and power affected by Government projects is somewhere between 12 and 15 per cent of the total, and the other 85 per cent is not affected by any Federal power manufactured at the present time.

That is an old story.

In those areas, the 12 to 15 per cent of the Nation, we are trying to work out -- for instance, Mr. Ross, out on the Columbia, is trying to work out a satisfactory arrangement with the local utilities.

The other point raised is as to the loan and grant methods to municipalities that want to put in their own power plants. The very simple answer on that is the Government recognizes the right of any municipality to put in its own power plant if the vote is so determined. That is just plain American form of government. You cannot get away from it and they do not pretend they can. Even Mr. Willkie said, "Of course not; they have the right to do it if the state gives them the right." It is not a Federal problem at all.

Q What they say is that you are subsidizing them with that 45 per cent grant?

THE PRESIDENT: All right; if they want to complete a new highway, we give them WPA labor; if they want a new sewer system built, we give them WPA labor; if they want a new water works, we give them WPA labor. I think the Supreme Court has made it fairly clear that there is not very much difference. You cannot draw the line in one place and not draw it in the other.

Q Isn't there a difference in the sewers and the highways? They do not compete with private industry from the practical standpoint.

THE PRESIDENT: Well, I am talking about Constitutional law. That is plain Constitutional law.

Q Yes, I realize that, but you are also talking about a very practical --

THE PRESIDENT: Well, on the practical end, of course the ideal is this: That if a municipality wants to build its own power plant, it will offer a fair price for the existing private utility, and if the utility turns it down -- turns down a fair price and they ought to offer a fair price -- if the utility turns it down, they have got to be paralleled. That is perfectly simple.

Q Mr. President, to go back to your phrase of a moment ago, "water and wind in the capital structure of these corporations", do you know of any device, short of a wringer, that can reduce that at the present time?

THE PRESIDENT: In the case of operating companies or holding companies?

Q Either. Either are in the same condition.

THE PRESIDENT: Of course there isn't a universal rule but, in the case of the operating companies, the amount of

wind or water is comparatively small. In talking with operating company executives, in the cases we have talked about, the individual cases, we have come to the conclusion that the amount of wind or water is so comparatively small that some method can be found for forcing it out without hurting the operating company. Now, in the case of the holding companies, you have an entirely different picture, entirely different, that being such a very large percentage of water.

Q Do any of the holding companies amortize?

THE PRESIDENT: That I don't know. I would say, offhand, that a great majority of them do not.

Q I believe there is something like twenty-five municipal plants that may be created now by following the Supreme Court decision on the PWA case. Is it the intention to allow grants to those municipalities where they already have existing private facilities?

THE PRESIDENT: Under the old law --I think this goes back to 1934 -- their applications were treated just like all other applications and, where it looked as if the bonds, the loan end was sound, the thing went through just like any other local improvement. Then the thing was taken to the courts and the money was hung up on a peg for them. In other words, we had a moral obligation to go through with the original

allotment if the Court said we should. Now the courts have said that we should, that it is the Constitutional thing to do. So, we are taking the money off the peg and giving it to them under the original allotment, in good faith.

Q Doesn't that in each case, or in most cases at least, permit competition with private capital?

THE PRESIDENT: I don't know. They may be buying out in a great many cases. I think you will find that probably in a great many of these cases of municipalities building their own plants, that they will not duplicate lines, that they will work out some form of purchase from the local private company.

If you remember, in the case of Knoxville, they worked out in that case with the Electric Bond & Share subsidiary a price and the price was approved by 98 per cent of the bondholders, 97 per cent of the preferred stockholders and 95 per cent of the common stock holders. The thing was all ready to work, all ready to go through whereupon, although there was full knowledge that they had spent months of this, and with the full knowledge of the Electric Bond & Share officials in New York City, they got the local ice company and some of the minority two per cent of the stockholders to throw the thing into the Court, where it has been tied up ever since.

There was a substantial agreement on the price in that case and you will find a good many other cases where there was substantial agreement on the price.

Q You were making a contrast between operating and holding companies and you said that in the case of holding companies there is an entirely different situation and then somebody asked you a question. Have you concluded your statement about that?

THE PRESIDENT: Except this: I suppose the easiest way of putting it, of putting the holding company case is this: What we are trying to do, frankly, is to eliminate the power in the four per cent tail. I have had these people come in to me, heads of operating companies, and say, "We are ready to shoot."

(I say) "Can you raise the money locally?" "Sure we can."

(I say) "Well, why don't you?" "Because the holding company in New York does not let it go through; they want to do the financing there."

You will find lots of cases there where the president of the operating company is in good shape to go ahead and the holding company is holding it up. That is another reason for the term, "holding company."

Q To hold up. (Laughter)

THE PRESIDENT: Now, of course, you cannot have a generic statement about all holding companies because they all differ, each one, from the other. Some of them have quite a lot of equity, without any question, and others have very little equity as in the case where about six hundred million dollars worth controls thirteen billion dollars worth of utility capital, and that just can't go on. I think they all recognize it.

Q Is bankruptcy the way to eliminate the power?

THE PRESIDENT: No; oh, no. There are various ways out.

Q Sir, are you leading up to eliminating holding companies entirely?

THE PRESIDENT: Yes.

Q Is that a fair question?

THE PRESIDENT: Yes. Now, an investment trust is a different thing from a holding company. I give you that as a suggestion -- as long as the investment trust does not vote its stock.

Q You said all holding companies. Is that even of the first degree?

THE PRESIDENT: Why have any at all?

Q Does that extend to other lines of industry?

THE PRESIDENT: Yes.

Q How could that be done, Mr. President?

THE PRESIDENT: You take on the question of banking holding companies, that is another very good illustration. You find a situation in a good many parts of the country where in a very large geographical area practically all of the banks are controlled by some holding company. The little local bank is going. It is a bad thing. Why can't a bank in a community that is able to support a bank run itself under proper supervision by the Federal Government, which we give them today? They have depositors' insurance and a careful check-up at all times.

Q Will legislation be proposed, Mr. President?

THE PRESIDENT: I don't know; I haven't got to that yet.

Q Will it be by the taxing power, Mr. President?

THE PRESIDENT: I told you that I haven't got to that yet.

Q You suggested that in your message of June, 1935?

THE PRESIDENT: Yes.

Q Mr. President, does that mean the branch banks?

THE PRESIDENT: No.

Q You know there are chain banks?

THE PRESIDENT: That is a very different thing.

Q Mr. President, is this what you call docking the dog's tail?

THE PRESIDENT: I would not call it that. I'd say, "cutting

the muscle in the dog's tail."

Q It might be a case of cutting the tail off right back of the ears, Mr. President.

THE PRESIDENT: (He may not have heard the question.) I would hate to destroy his looks, you know; he could have a perfectly good tail if you cut the muscle in it.

Q Mr. President, you said a few minutes ago that money had been hung on the peg for some of the municipal plants. Do you intend to appropriate any more money for the same purpose?

THE PRESIDENT: No.

Q No more?

THE PRESIDENT: I have not got anything in the Budget at all on it.

Q Have you made any decision with regard to your supplemental national defense program?

THE PRESIDENT: I have been too busy. I am going back to the House now, as soon as the Conference is over, to write it.

Q Can you tell us whether that will include items for the Army as well as for the Navy, or simply Navy?

THE PRESIDENT: You are ahead of the game; wait until Monday or Tuesday.

Q Apart from the specific vacancy on the Supreme Court and

apart from personalities, do you see any reason why a woman should not sit on the Supreme Court. (Laughter)

THE PRESIDENT: No, I do not.

Q I have been sitting up again all night, Mr. President. (Laughter)

THE PRESIDENT: You sat up all night thinking about it? (Laughter)

Q You would not talk about vacancies and personalities.

THE PRESIDENT: It was very well phrased; you are good.

Q One of the papers carried the story that you are to talk with eight additional of the Nation's business leaders.

THE PRESIDENT: Oh, yes; they will be coming in and coming in.

Q Today, sir?

THE PRESIDENT: Some today.

Q Mr. President, have you had any reports indicating any change in the business situation?

THE PRESIDENT: That is too general a statement. You had better go and ask the Central Statistical Board about that. It is a mighty long subject. Some places are picking up, in others they are standing still and in one or two they are still going down. The general trend is a good deal better than it was before Christmas.

Q Would you care to comment on the visit of three of our cruisers to Singapore?

THE PRESIDENT: No, I don't think so.

Q What was the outcome of your conference with the Southern Governors?

THE PRESIDENT: Oh, we talked over a great many things including the cutting down of the forests in the South, including wages and hours. There seemed to be a very favorable reaction to all the things we are working towards, including wages and hours and the saving of the forests.

Q Freight rates?

THE PRESIDENT: No, we barely mentioned freight rates.

Q Do you favor anti-lynching legislation?

THE PRESIDENT: I have not referred to it at all. I should say there was enough discussion going on in the Senate.

Q Are there any developments with respect to the St. Lawrence Waterway Treaty that was proposed some time ago?

THE PRESIDENT: Nothing lately, no.

Q Do you look for any soon?

THE PRESIDENT: I don't know. The only way I can answer that is off the record: Not definitely; it depends in a larger degree on Canada at the present time.

Q Do you have a conference this morning with Owen Young?

THE PRESIDENT: Yes, I think I have one this morning. Yes, it is with Mr. Young, Mr. John L. Lewis, Mr. Lamont, Mr.

Phillip Murray, Adolph Berle, and Charles Taussig. I think there are other conferences planned but no date.

Q Are those gentlemen coming together?

THE PRESIDENT: Yes.

Q Can you give us the names of some of the others who are coming?

THE PRESIDENT: No, because the dates have not been arranged.

Q Who is Murray?

THE PRESIDENT: Phillip Murray is president of the United Coal Mine Workers.

Q Is it correct that there is a possibility of working out an agreement with Canada, without a treaty, on the single proposition ofpreserving Niagara Falls?

THE PRESIDENT: That I don't know. I frankly do not know. One difficulty on that is that, as I remember it, but I am not sure, the present plan for preserving the crest of the Falls, which is dropping away -- this plan was made about five years ago -- did include the diversion of additional water. If the two things can be separated, we may be able to do something for the scenic preservation of Niagara Falls without a treaty.

Q Mr. President, in connection with this conference, with the presence of Lewis and Murray, is there any particular

angle that this group has been working on before they came here?

THE PRESIDENT: I do not know. I am going to do the asking.

Q Will Ambassador Davies remain in this country until his assignment to Brussels becomes effective, or will he go back to Moscow?

THE PRESIDENT: I am assuming that he will go back to Moscow.

Q You said that some things were being worked out between TVA and Ross and Bonneville to get along with the local utilities. Can you tell us a little bit more on that point?

THE PRESIDENT: I saw some kind of a statement by J. D. Ross in the paper this morning that he has given out out there. I think that covers it pretty well. He has the power to sell. If they want to go ahead and start a utility in a municipality, the power is available, but they ought to try to buy out the existing one at a fair price.

Q Have you had any reports or discussions on the Hawaiian statehood application?

THE PRESIDENT: No, I haven't had a word.

MR. STORM: Thank you, Mr. President.

(The Press Conference adjourned at 11.05 AM)

CONFIDENTIAL
Press Conference #426
Executive Offices of the White House
January 18, 1938, 4.30 PM

MR. DONALDSON: All in.

THE PRESIDENT: I don't think there is any news at this end.

Q In your judgment have the difficulties of getting local cooperation on flood control reservoirs become so manifest as to justify a one hundred percent Federal financing?

THE PRESIDENT: That is too general a question. I think you will have to come down to specific cases.

Q Would you mind restating your flood control policy?

THE PRESIDENT: That is too general a question. It would take several hours. I would have to make a speech on it. What are you driving at? What do you want to know?

Q A bill was introduced this week modifying the 1936 Act so as to authorize full Federal financing of reservoirs.

THE PRESIDENT: They are discussing that on the Hill at the present time. Congressman McCormack introduced the bill. You see, it is much clearer and quicker to come to the point. Judge Whittington is considering it and it will be brought before his committee, the theory being this: That in the future Government policy will be to draw a

line between those flood control works which hold back the water, such as a reservoir and dam, and contribute thereby to something that will produce future income, such as water power or reclamation or irrigation, those being income producing, and in those cases to change the Government policy so that the Government would own the land overflowed and the site of the reservoir, thereby having control of the water which would be gradually let out, either for power or irrigation, the Government thereby getting a return, there being no question about the right, title and interest of the Government to that water.

The other category would be the category of levees which do not return any dividends to the Government and which are merely to keep water from overflowing the land while it is in the process of going past a given point. In that case the community, being benefited without any possible return in the way of income, would continue under the present policy to pay a portion of the cost of the land that would be temporarily overflowed, spill basins and the land the levee goes on, things of that kind.

Now, that is all under discussion in Judge

Whittington's committee, and I cannot give you the answer. They are discussing it. It seems a plausible and reasonable thing to do.

Q What about a state that has to take care of the water from a number of other states above, such as Louisiana?

THE PRESIDENT: Well, all the other states above have to take care of it too.

Q Mayor Kelly of Chicago, according to his talk with us, had a very interesting visit with you today. Can you tell us anything about it?

THE PRESIDENT: What did Mr. Kelly and Pat Nash say when they went out?

Q They mentioned something about discussing a Senator.

THE PRESIDENT: Didn't they say something else? They told me they were going to put it on some other ground. (Laughter)

Q They said they had no candidate themselves, Mr. President.

THE PRESIDENT: That is all right.

Q Senator Dieterich announced his candidacy this morning and thereupon, very shortly after, Mayor Kelly --

THE PRESIDENT: Both Kelly and Pat Nash told me they were going to mention something else and I have forgotten what it was.

Q Evidently they did too. (Laughter)

THE PRESIDENT: Well, I can't violate that agreement. I would have to talk about the same thing they talked about, only I have forgotten what it was.

Q They said they had canvassed the Illinois political situation with no conclusions.

THE PRESIDENT: No, there was something else and I have forgotten what it was.

Q Public works?

THE PRESIDENT: No, it was not public works.

Q Is there anything to be said about that Illinois situation?

THE PRESIDENT: No.

Q Mr. President, I think Mr. Lilienthal of TVA left you a message this morning that he made public later on at his office. Can you comment on that?

THE PRESIDENT: I cannot because it is in here, on top of my basket, and I have not read it yet.

Q A group of business men and labor leaders were in here last Friday. I don't know how it got out but it was widely circulated that they asked you for a specific program.

THE PRESIDENT: They did not ask me that, so it is all right.

Q Can you tell us what progress you are making with these people?

THE PRESIDENT: We are getting on very well.

Q Making progress?

THE PRESIDENT: Oh, yes.

Q Did you believe what Governor Earle had to tell you yesterday? (Laughter) He told us that it was unbelievable.

THE PRESIDENT: Well, he gave me some of the most amazing figures I have ever seen. I take it that some of those figures are taken from the books of the company and of course I have no means of verifying them. They were obtained, as I understand it, by a State Commission that investigated the subject and, roughly speaking, as I remember them from the back of my head, the valuation of those coal properties when they were still vested, the ownership of them, in the railroads was around -- do you remember what it was?

Q I think it was a million three hundred thousand dollars but that was for one company.

THE PRESIDENT: No, it was a hundred and twenty-two million dollars or something like that. I think you have the figures. I believe it was about a hundred and twenty-five million dollars or something like that.

After those properties had been segregated -- these are taken from the books of the company -- they were jumped to four hundred and eighty-five million, and

apparently was the same property, with this exception, as I remember it, that they had added about eighty-five million dollars of new properties which, on the basis of the old valuation of a hundred and twenty million or a hundred and twenty-two million dollars would have brought a total book valuation of about two hundred million dollars whereas they were carried on the books of the company now at four hundred and eighty-five million dollars or something like that.

You will have to check on the figures; he gave them to you. And, on top of that, they had taken a hundred and seventy-one million dollars as depletion.

Of course the net answer is that if those figures are taken from the books and are correct, those properties today would have a valuation of two hundred million dollars.

Q He only gave us the figures on one company.

THE PRESIDENT: No, these were the figures on seven or eight companies they looked into.

Q You said they took a hundred and seventy-one million dollars in cash or how?

THE PRESIDENT: That was a depletion of a hundred and seventy-one million dollars.

Q Well, Mr. President, what sort of action, either legislative

or judicial, is planned or being talked of to restore the anthracite industry to health?

THE PRESIDENT: That is being studied now.

Q Will you discuss with the New England Governors tomorrow the possibility of Federal payment of one hundred per cent on flood control?

THE PRESIDENT: I will tell them what I told you, that the bill has been presented and that the Chairman of the Committee personally seems favorable to the proposal and that is all I can tell you.

Q Will you have with you at that conference any of the people from the Power Commission or the War Department?

THE PRESIDENT: No.

Q Have you received an appeal for Federal intervention with respect to labor troubles in Puerto Rico?

THE PRESIDENT: No.

Q The United States Public Health Service in cooperation with the Works Progress Administration has made a study of illness and sickness among families in the United States --

THE PRESIDENT: I saw that in the newspaper.

Q -- and concluded that if you are poor and get sick you get sicker and poorer. Do you think the Government has any responsibility to break into that vicious circle?

THE PRESIDENT: The Government is making distinct progress in that line right along.

Q Mr. President, are you anywhere nearer your anti-trust message?

THE PRESIDENT: No.

Q Do you contemplate any action based on the Neutrality Act in view of the severance by Japan of relations with China?

THE PRESIDENT: I think I will have to refer you to the State Department. I have not heard anything except that they told me that it was not a severance of diplomatic relations. Am I right?

Q (There was no response to the President's question.)

Q Did Mr. Willkie's proposals do anything to advance the solution of the public utilities problem?

THE PRESIDENT: I don't know. It depends on what paper you are writing for.

Q (Mr. Lyle C. Wilson, of the United Press) I am not writing for any particular one. (Laughter)

Q Going back to the conference of last Friday, the Securities and Exchange Commission said that there are a good many kinds of holding companies. Can you define the type you had in mind? Did you mean all types?

THE PRESIDENT: I was talking to Steve (Early) about it before you came in. If I were to give you a dictionary definition, you could take a particular instance and say, "Would it fall within this category or not?", and you would find all reasons why it did or did not, to the right or left of it.

Q Then you did not have in mind all types of holding companies?

THE PRESIDENT: I say that it would be rather silly to give a definition of types of holding companies at the present time. The law in regard to public utility holding companies does give a definition.

Q Would you abolish those that could come within that definition?

THE PRESIDENT: I am simply giving you a statement of what the law is in that particular category.

Q Section 11-B of the Public Utility Holding Act would permit only top holding oompanies or perhaps intermediate holding companies. In your statement last week, did you refer to top holding companies? Do you favor their elimination as well?

THE PRESIDENT: Read what I said. Steve got a copy of what I said and it is much easier for you to read it.

Q Mr. President, when may we expect the national defense message?

THE PRESIDENT: I don't know. They expect the bill to go through, I think, on Friday.

Q And not until after that?

THE PRESIDENT: Not until after the bill has gone through.

Q Can you tell us what you are going to talk to the Business Advisory Council tomorrow about?

THE PRESIDENT: I don't know. I suppose any topic they want to take up.

Q Can you tell us, Mr. President, what you are going to talk about with the automobile people and the automobile finance people on Friday?

THE PRESIDENT: Again I suppose the answer is anything they want to talk about. It is a pretty wide field.

Q In that connection, Mr. President, it has been suggested that the Government might buy up a lot of used cars and convert them into scrap iron to make a lot of battleships out of. (Laughter) Is that being seriously considered?

THE PRESIDENT: I got a letter from a fellow on that this morning and I referred it to Admiral Peoples in the Procurement Division. (Laughter)

Q Mr. President, coming back to the Neutrality Act, you last told us, I believe, that you were on a 24-hour basis relating to that. Does that still stand?

THE PRESIDENT: Oh, yes.

Q Can you tell us something about the mission that Governor McNutt is on in the Far East? The story is that you sent him out.

THE PRESIDENT: I think it is very, very simple. He said he was coming home. He had wanted to talk to Admiral Yarnell before he came back to this country and he had expected Admiral Yarnell to be in Manila a month or two ago. Admiral Yarnell, however, was unable to come to Manila so he said that if we had no objection he would come by way of Shanghai and see Admiral Yarnell on his way to this country.

Q He is stopping to survey some Japanese colony in one of the Philippine Islands that is largely populated by Japanese.

THE PRESIDENT: I don't know. There isn't any island largely populated by Japanese that I know of.

Q He is speaking of the Port of Davao on the Island of Mindanao. Davao has been the site of quite a good sized Japanese colony. The Japanese have tried to control the hemp industry and that is the industry of that particular port.

Q Has he any special mission in seeing Yarnell?

THE PRESIDENT: Not at all; absolutely none.

Q Is there any purpose in Commissioner McNutt coming in at the present time?

THE PRESIDENT: If you had been in the Philippines as long as he has you would want to come back here for a while yourself. (Laughter)

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #427
Executive Offices of the White House
January 21, 1938, 10.37 AM

THE PRESIDENT: I don't think I have got anything in particular.

Q Mr. President, in the last few days you have discussed with various Congressmen, I think, the Washington Airport and the Jefferson Memorial. Is there anything new on that that you would care to tell us?

THE PRESIDENT: Nothing more than to tell both gentlemen that I hope we can get a Jefferson Memorial from Congress and I hope we can get an airport from Congress.

Q Did you express any preference about the Jefferson Memorial?

THE PRESIDENT: No.

Q Will you comment on the present policy of the Interstate Commerce Commission? On December 29th it certified that the Erie Railroad did not need reorganization and twenty days later there is a petition for reorganization filed.

THE PRESIDENT: No, that is within the province of the Interstate Commerce Commission.

Q Did you specify or have any preference as to the sites of either one of those two, the airport and the Memorial?

THE PRESIDENT: I talked it backwards and forwards with them; that is about all.

Q I wondered whether anything new had come out of it.

THE PRESIDENT: We talked about the disadvantages of this/and the advantages of that, and so forth. We examined them pro and con.

Q Some of the labor leaders around town are considerably disturbed about your suggestion that they make financial statements public and they profess not to know what you mean. They say they already make them public and a good many of them, I found out yesterday, consider that they make them public when they send them around to union members. Could you enlighten us on that point at all?

THE PRESIDENT: No, except in this way, that I think it would be worth while for everybody to study the British system.

Q Do you approve of the lending of money by the RFC to railroads that need reorganization?

THE PRESIDENT: Well, that depends to a certain extent on

whether Jesse Jones thinks he is getting adequate security.

Q Even though they need reorganization?

THE PRESIDENT: That depends also on adequate security.

Q Mr. President, what do you think of the Earle plan for the Government to buy up the anthracite coal industry?

THE PRESIDENT: I don't know. I have not heard anything about it except what I read in the papers.

Q When do you think your Navy message will go up now?

THE PRESIDENT: I have not finished it yet. When do you think the bill will go through?

Q They expect to today.

THE PRESIDENT: Then probably on Monday or Tuesday the message will go up.

Q The tariff situation in Mexico, with the new schedules of preference given to Germany, which is an ally of Japan, seems to bring Fascism a little closer all the time. Is there anything you can tell us on or off the record?

THE PRESIDENT: I haven't any comment at all; you will have to ask the State Department.

Q Will you write a letter to the testimonial dinner to Senator Barkley tomorrow night?

THE PRESIDENT: I think Mac (Mr. McIntyre) is my letter.

Q Mac is going to attend?

THE PRESIDENT: Yes. (Laughter)

Q Is he going to attend the luncheon for Mr. Chandler previous to that?

THE PRESIDENT: I don't know.

Q May we ask him? (Laughter)

THE PRESIDENT: Yes, but I don't think the train gets there in time. I don't know. (Laughter)

Q Have you named a new Solicitor General yet?

THE PRESIDENT: No.

Q Do you contemplate requesting any legislation which would tend to place labor in a status in this country similar to that which exists in Great Britain?

THE PRESIDENT: No.

Q Is Mac going as a Kentucky Colonel or as a Presidential Secretary?

THE PRESIDENT: When he gets to Kentucky he is a Colonel, spelled with a "K".

Q About that labor business again: As I recall it, in 1926, the British Labor Law was opposed to political contributions by unions. Is it worth while for anyone to look into that?

THE PRESIDENT: I don't know; I am not familiar with that end of it.

Q Some time ago you suggested the idea of annual wages in the automobile industry. Do you intend to propose that today, in your conference today?

THE PRESIDENT: No. I am going to ask them for their thoughts on a great many things. I am not going to make any suggestions. I want to know what they are proposing.

Q When you referred to the 1926 British Act, do you refer to the financial provisions or the whole of it?

THE PRESIDENT: The whole thing. It is worth studying. That does not mean, of course, acceptance of that method. It is worth studying in some particulars.

Q In your Housing Message, you discussed the idea of annual wages in building and construction. We wonder if you have discussed that idea with persons with whom you have had conferences with regard to other industries.

THE PRESIDENT: I don't think so.

Q Do you think it is possible for TVA to buy out utilities and southern power companies, Mr. President?

THE PRESIDENT: I have not the faintest idea.

Q Are the conversations between Admiral Yarnell and Paul McNutt being undertaken at your direction?

THE PRESIDENT: No, I told you about that at the last conference. Yarnell was going to return to Manila before the High Commissioner came back here but did not because he had to stay in Shanghai. So McNutt stopped in Shanghai, I think for twenty-four hours, on his way home, to see Yarnell about Philippine problems.

Q The reports/that they discussed the infiltration of Japanese in the Philippines. Do you know anything about that?

THE PRESIDENT: I don't know. I have no idea.

Q What are the prospects for your message on anti-monopoly legislation?

THE PRESIDENT: I haven't got any now.

Q Do you have any idea?

THE PRESIDENT: No.

Q Has the question of money for the District of Columbia Alley Dwelling Authority been settled?

THE PRESIDENT: I don't know what the status is, or whether it requires legislation or not. Of course the general theory is that Washington ought to be in a position of having slum clearance just like any other community. Now, what that requires I do not know.

Q Do you think the ban of the March of Time Nazi picture is

consistent with our American informed democracy?

THE PRESIDENT: I have not seen it.

Q I asked you if you thought the banning was inconsistent.

THE PRESIDENT: I have not seen it so how can I tell?

Q Do you expect to see it?

THE PRESIDENT: No. (Laughter)

Q Mr. President, the Business Advisory Council had some specific suggestions the other day as to what you might do. Can you give us any comment on any of the suggestions made?

THE PRESIDENT: I think only this: I think we are clearing the atmosphere very, very well and the whole thing is most helpful. They are, for example, learning that the whole question is one that just does not involve business alone, that it is all of those other things that I mentioned the other day, agriculture, labor, transportation -- I have forgotten all of them -- but it is the whole list of them. We are trying to see things from a national point of view and we are making very distinct progress.

Q Is there a proposal to appoint some new committee of some sort, sir, to discuss those things, as a sort of advisory committee, to take in agriculture and labor and other factors?

THE PRESIDENT: There again, we cannot, any of us, be factual. In other words, we cannot say that there is going to be a special body set up. What we are trying to do is to work out ways and means by which, without legislation, we will be able to have these different groups in the Nation come together and exchange information among themselves.

It was, for example, helpful the other day in that conference in the White House to have John Lewis and Phil Murray sitting at the same table with Tom Lamont and Owen Young. Well, that was only two groups. Agriculture was not there. Transportation was not there. Credit was not there.

In this conference the other day with the fifty people, in addition to the list of things that they brought up on their memorandum, we talked about quite a number of other things that fit into the entire picture which they had not discussed among themselves. There was, for instance, the question of the expansion of credit facilities and investment facilities. Those things were not down on their particular agenda and they were very much interested. Also there was the clearing up in their minds of a great many things

where they had completely false impressions, as, for instance, a wondering on the part of some of them -- take two very simple examples -- where they have been confused by what they have heard and what they have read. It is the old story. Most of these things are due to politics, we know, like the crowd who said, "What is the use in curtailing acreage and at the same time in improving acreage?" Well, of course we all know because I have talked about it so often that the two are not in any way inconsistent. If you prevent soil erosion, you improve land and, at the same time, you are taking certain lands out of cultivation. The two things go hand in hand and are not inconsistent. That requires stressing.

Another thing that some of them are not clear on is -- well, for instance, the editorial I happened to pick up saying that it is frightfully inconsistent for the President to say, as he did in 1933 and 1934, that we have got to raise the price level in the country and then, in the Spring of 1937, to say that prices are too high. Well, of course the President never said anything like that at all. The objective is exactly what it was in 1933. The price level at that time was

about 68 or 69 in comparison with the 1924-1926 period which was 100, and our objective was to get it up to somewhere around that 100, and we did pretty well. Obviously, however, it was perfectly proper to object to certain rises in commodity prices which threw the whole picture out of balance. Go back in your own minds to last April, when I cited the 18- and 19-cent copper. There is the illustration. That was bringing, on the same scale, it was bringing copper not to 90 or 100 but to about 180. That is getting just as much out of line in the particular instance on the particular commodity on the upside as it had been on the downside during the depression, so there is, again, no inconsistency.

Take the question of our old friend, the holding company, which we have been talking about lately. Last week, in the conference, we were talking about public utility operating companies and that type of holding company. Obviously we were not talking about, let us say, the Pennsylvania Railroad which is an operating unit but which operates, because it is in a great many states, through a dozen different corporations. That is not a holding company. Nobody ever accused the Pennsylvania Railroad Company, as such, as being a holding company.

We talked about certain bank stock holding companies which are not management companies. Immediately some of our Wall Street write-up friends tried to confuse that -- I hope mistakenly -- with the question of branch banking. They are two entirely different subjects.

It is things like that that are being clarified in the minds of all those people. They are also getting the point of view of a great many of these things, these problems, such as failure to get legislation or to stop legislation which are not due entirely to the administrative end of the Government -- that Congress fits into the picture too. One of them suggested the other day that this business group was not getting sufficient cooperation from the Administration on working on the crop control bill and I pointed out that the Administration last January, at the request of the Congressional leaders, did not draw the bill. We very carefully kept our hands off. These people said, "Well, we did not know that," so it is an educational process, but it has been working out very satisfactorily.

Q Have you noticed any disposition on the part of the 10%, so-called, to eliminate the abuses complained of in your State of the Union message?

THE PRESIDENT: I think they are understanding that better. There will be some irreconcilables, of course, but taking it by and large the cooperation is good.

Q Do you expect, as a result of these conferences, to issue a statement that will clear the air for everybody, including the Press?

THE PRESIDENT: No. You will have to use your own brains.

Q Can you tell us anything about your plans to see the small business men?

THE PRESIDENT: They are coming in some time next week. We are going over the names because there are so many. I think we have probably had about four or five hundred letters from small business men.

Q What sort of small business men?

THE PRESIDENT: Well, everything below the big business men.

Q True, but where does that begin?

THE PRESIDENT: I cannot define it any more than that. Some fellow may be employing twenty-five men and another twenty-five hundred men.

Q And still be small?

THE PRESIDENT: Yes.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #428
Executive Offices of the White House,

January 25, 1938, 4.10 P.M.

THE PRESIDENT: I have got a lot of news today. I suppose I might as well forestall questions -- a number of them. That would be the easiest way.

First, on this conference that is just over, I think Chairman Taylor gave you the gist of it. We discussed the needs on national defense, Army and Navy, from many angles and the message will go up to the Congress as soon as I get it written. I cannot give you the date yet. If I get it written by Thursday next it will go up then and, if not, then on Friday. I want to get it up Friday at the latest. No details.

On the question of these small business men that we defined so carefully the other day, I find there are about 500 requests which have already come in. Of course it is physically impossible for me to see all 500 of them, so we are arranging for Secretary of Commerce Roper and Assistant Secretary Draper to see them, probably next Monday although the date has not been finally set. That will be over in the Department of Commerce and they will talk things over.

I suppose they will probably elect their own chairman to preside over them with the assistance of Assistant Secretary Draper and the Secretary, if they can both be there. When they finish their discussions, it is my hope that they will send, of their own choosing, about ten or twelve of the people who have been there around here to see me. I will see them when they come, at the conclusion of their discussions over there.

That seems to be the only practical way of handling it.

I got word that I was to be asked a question. I have been thinking that question over and I have written out the answer so that there won't be any question as to the answer. The question was this -- I think it was Fred's, but I don't know.

MR. STORM: I had a question for you on steel prices, Mr. President.

THE PRESIDENT: Fred's question was, "Do you agree with Mr. Fairless that steel prices can't be reduced without cutting wages?"

You will all get copies of this. The answer is this:

(Reading)

"I'm afraid it won't help for me to answer that question again.

"I have said so frequently -- and I do not know how to say more clearly and unequivocally than I have already said -- that I am opposed to wage reductions.

"I am opposed to wage reductions because the markets of American industry depend on the purchasing power of our working population. And if we want to restore prosperity we must <u>increase</u>, not <u>decrease</u>, that purchasing power."

Now, those are words of one syllable.

"There may be a special <u>hourly</u> wage situation in some building trades -- "

That is what I referred to in the Message --

" -- in some localities which so far as the total yearly earnings are concerned may call for different treatment, but even there our primary purpose is to increase and not decrease the total of the <u>annual</u> pay of the workers."

Is that clear?

Q Yes, sir.

THE PRESIDENT: (Reading) "Now as to prices.

"A mass production industry depends on volume

for profits."

That is why it is a mass production industry.

"No mass production industry can expect to make a profit when the volume is small. The steel industry cannot make a profit at 30% capacity but it can at 50% or 55% of capacity."

And remember, of course, that in the case of the steel industry -- on the figures I am using -- 100% of capacity means three shifts, 24 hours a day operation, and, I think, six days anyway and maybe seven days a week. So a hundred per cent. means running everything they have got wide open, 24 hours a day.

"The only way to get volume up is to produce goods for a price the public will pay. A mass production industry in its own interest should ask for its product what the people can afford to pay.

"But that does not mean that such price reductions can come out of wages. Those who believe in the profit system must recognize that those who get the profits when business is good must bear the losses when business temporarily is slack. Those who get the profits when industry gets the volume are the ones to bear the risk of such price reductions as may be

necessary to stimulate and restore volume.

"Those in charge of a well-managed and solvent industry should no more consider casting the burden of a temporary business recession upon their workers than upon their bondholders. To cast such burden on bondholders is financial bankruptcy. To cast such burden on its workers is not only moral bankruptcy, but the bankruptcy of sound business judgment.

"Industrialists kill the goose which lays the golden egg when they keep prices up at the expense of employment and purchasing power. Industrialists kill the goose which lays the golden egg when they cut wages and thereby reduce purchasing power. Either policy is self-defeating and suicidal.

"If industries reduce wages this Winter and Spring, they will be deliberately encouraging the withholding of buying -- they will be fostering a downward spiral and they will make it necessary for their Government to consider other means of creating purchasing power."

Now, the reason for that is two things: First, from the statistics we find that a number of businesses in a few sections of the country -- not many for it has

not receded to any length at the present time -- are in the process of reducing wages. The other reason is that there have been whisperings of a further effort on the part of a few industries in those sections and other parts of the country to reduce wages, hence this statement today.

It is all in words of one syllable. It answers every question that can possibly be asked, and there we are.

Q Mr. President, if the Steel Corporation persists in its stand --

THE PRESIDENT: What is that?

Q If Mr. Fairless and his colleagues in the Steel Corporation persist in their stand that wages must be reduced if prices are to be reduced, what is the next step?

THE PRESIDENT: Well, the step was this statement. That was the next step.

Q What is the step beyond that?

THE PRESIDENT: Now you are becoming "iffy."

Q Mr. President, John L. Lewis told the Mine Workers Convention this morning that labor will resist any downward cut in prices as well as wages, meaning -- well, of course he won't object to price cuts if they do not affect the wage scale, but they will fight price

cuts if they mean wage cuts. Have you any comment on that?

THE PRESIDENT: I said exactly the same thing here. If price cuts are based on wage cuts, they are wrong. I have also said that in some industries we all know that price cuts may be made without reducing wages.

Q In what industries?

THE PRESIDENT: Oh, lots of them.

Q Steel?

THE PRESIDENT: Lots of them.

Q Can it be done in steel?

THE PRESIDENT: I don't know.

Q Didn't Mr. Lewis, Mr. Lamont and Mr. Young more or less agree on the two major premises you set forth today when you saw them?

THE PRESIDENT: On what? This policy?

Q Yes, sir.

THE PRESIDENT: Well, it was never stated that day in exactly these terms. We did, I think all of us, express the hope -- Mr. Lamont did and Mr. Lewis did and I did -- that there would not be any wage reductions.

Q Mr. President, in one of the columns is a statement that there is something a little bit eccentric about the appointment of Admiral Wilson Brown to the Naval Academy. I think there was something said about a lobby here at the White House -- he was your Aide. As I got it, it was that there was something screwy about it. (Laughter) That is a kind of hot question around here.

THE PRESIDENT: Well, I will tell you. It is very, very simple. There has been, since I left the Navy Department in 1920, a tendency on the part of some of the older gentlemen there to have as superintendent of the Naval Academy very senior admirals who, in a very short time, would go on the retired list. About a year ago I talked over, not the Naval Academy situation but the West Point situation, and the Army took what I thought was a perfectly grand attitude and that was that on the instruction of these many hundreds of young men, where you could find a man with leadership who was comparatively young and who, when he had finished his tour of duty at West Point, was to go back in command of troops with a great many years on the active list ahead of him, it would be a better thing to have

him as a leader of these young men than a gentleman who was about to go on a retired list. Well, I liked the idea so much that I invited the Navy to adopt it too, and they did. There are still a few older gentlemen in the Navy who don't like the idea. However, it is a fait accompli.

Q Mr. President, are you going to see Governor Bowning of Tennessee?

THE PRESIDENT: He is coming up Thursday and what he is going to ask me I haven't any idea.

Q Is Lilienthal coming up with him?

THE PRESIDENT: I don't think so.

Q What was that French expression?

THE PRESIDENT: Fait accompli.

Q You mean the thing is done and there is no recalling?

THE PRESIDENT: Yes.

Q Did you invite the Governor or did the Governor ask to come here?

THE PRESIDENT: He asked to come up. Telephoned me on Saturday.

Q Are you enthusiastic over his plan? Is that a proper adjective?

THE PRESIDENT: I don't know what the plan is. He just asked to come.

Q His plan is for the state to cooperate with the T.V.A. in buying out the utility companies in Tennessee.

THE PRESIDENT: I can't comment. I don't know what it is.

Q Senator McKellar came out this morning and said he was against it and seemed to think there was some politics in Browning's plan.

THE PRESIDENT: Did he, really?

Q Can you tell us about your talk with Governor Earle and the other Pennsylvanians on the anthracite proposition?

THE PRESIDENT: Very much the same thing. They are working up there on some method of squeezing the water out of the coal and putting more people to work.

Q Mr. President, the fact that the Democratic State Chairman came along with them, does that throw politics into that situation?

THE PRESIDENT: Isn't he a state official?

Q Yes, sir; but no direct connection with the coal industry.

THE PRESIDENT: What is he?

Q Secretary of the Commonwealth; Secretary of State.

THE PRESIDENT: Oh, he may have a very direct part in this coal thing. It might surprise you if you knew what we were talking about. It would bring the Secretary

of St ate of Pennsylvania very definitely into the picture.

Q That would indicate that the State might take hold of the anthracite industry?

THE PRESIDENT: You are pretty good. (Laughter)

Q Senator Guffey was very definite that no politics were discussed.

THE PRESIDENT: That's right.

Q Senator Guffey assured us there were no politics --

THE PRESIDENT: Not from the Federal point of view.

Q Are all of the 500 to be invited to this conference -- are they to meet with Mr. Roper?

THE PRESIDENT; I think that everybody that has asked to come will be invited.

Q Have you taken any action with regard to the San Juan waterfront trouble?

THE PRESIDENT: I haven't; no.

Q They are reported to have communicated with you?

THE PRESIDENT: I haven't got it; they are in the Interior Department.

MR. TROHAN: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #429
At the White House

Friday, January 28, 1938 -- 10:46 A.M.

All in!

THE PRESIDENT: The National Defense Message is going up today at 11 o'clock, and Steve will have copies for you as soon as you get out; and there are seven specific recommendations and one general recommendation:

First, the authorization for the Army of additions to antiaircraft material in the sum of $8,800,000. Of that sum, $6,800,000 is for the fiscal year 1939.

Second, for the better establishment of an Enlisted Reserve for the Army, to make it correspond to the Fleet Naval Reserve, $450,000.

Third, for the manufacture of gages, dies, and other aids to manufacture of Army material, $6,080,000, of which $5,000,000 is for fiscal year 1939.

Fourth, $2,000,000 for making up deficiencies--toward making up deficiencies in ammunition for the Army.

Fifth, that the existing authorized building program for increases and replacements in the Navy be increased by 20 percent.

Sixth, that Congress authorize and appropriate for the laying down of two additional battleships and two additional cruisers during the calendar year 1938. This will call for the expenditure of a small amount of Government funds during the fiscal year 1939.

Seventh, that the Congress authorize and appropriate a sum not to exceed $15,000,000 for the construction of a number of new types of

small vessels, such construction to be regarded as experimental in the light of new developments among navies, and to include the preparation of plans for other types of ships in the event that it may be necessary to construct such ships in the future.

Those are the seven specific recommendations; then there is one general recommendation:

I believe also the time has come for the Congress to enact legislation aimed at the prevention of profiteering in time of war and the equalization of the burdens of possible war. Such legislation has been the subject for many years of full study in this and previous Congresses.

Q Mr. President, is there anything about the size of battleships there?

THE PRESIDENT: Oh, no!

Q About the size of guns?

THE PRESIDENT: No--oh, no.

Q Or as to the character, Mr. President, of those small vessels?

THE PRESIDENT: No--oh, no!

Q Mr. President, what do you figure this steps the appropriation up for in 1939?

THE PRESIDENT: I don't know--oh, in 1939--15, 16, 17, 22, 28--about $29,200,000.

Q Mr. President, what do you mean by the "equalization of burdens in time of war"?

THE PRESIDENT: What?

Q What do you mean by "equalization of burdens in time of war"? Do you want to explain that?

THE PRESIDENT: Well, so that the whole nation will engage in war if we unfortunately have one.

Q Mr. President, Great Britain has made a formal request for information from Japan to settle these reports about Japan either building or being about to build ships over 40,000 tons. Have we made a similar request?

THE PRESIDENT: I don't know; all I know is what I have read in the papers.

Q At present the Panama Canal is constructed to take how large a capital ship?

THE PRESIDENT: I could not tell you the tonnage. The locks are 110 feet wide and I think they are 1,000 feet long. Am I right, Fred? You have been down there.

FRED: The biggest ship we have that can get through is the carrier, The Saratoga.

THE PRESIDENT: But that is on size and not necessarily on tonnage.

Q Have we made any study as to time and cost to improve the Canal so that if it were necessary for us to build larger capital ships we could go ahead and widen it?

THE PRESIDENT: I think the Army Engineers made studies along that line some years ago. There has been nothing recent. As I remember it, at the request of a congressional committee, some estimate was made of larger size locks, and another estimate was made for a sea-level canal, but quite a long while ago.

Q Mr. President, the terms of this Message--of course we haven't seen it yet--is it the intention that Congress shall determine the size of vessels, or is that to be authorized and left to the Navy staff?

THE PRESIDENT: Well, it is done sometimes both ways. Sometimes the Congress appropriates the money and the Navy fits the money to the ship; other times the Congress directs the actual tonnage of the ship.

Q It is the intent here that there shall be that sort of cooperation?

THE PRESIDENT: Those are technical details that it is a great deal better to say nothing about. Otherwise you will get out on a limb.

Q Mr. President, has anything happened yet on the suggestions of the Business Advisory people on the creation of a national advisory group much larger than that now functioning?

THE PRESIDENT: No.

Q Mr. President, will you comment on Governor Browning's plan for the purchase of private utilities?

THE PRESIDENT: Only in a way that you probably wouldn't run.

Q Beg pardon?

THE PRESIDENT: I say only in a way that you probably would not run. (Laughter.) There are a number of you fellows that wrote yourselves out on a limb, and now you would like to have me throw you a rope so you could climb back.

Q It seems to me, sir, that it was more the Governor of Tennessee out on a limb than the reporters.

Q Are you throwing him a rope, Mr. President?

THE PRESIDENT: No, I am throwing a rope to those fellows whose stories I read.

Q Maybe the rope is thrown over a limb! (Prolonged laughter.)

Q Mr. President, have you any comment to make on Mr. Van Zeeland's proposal for an international conference?

THE PRESIDENT: No, Mark, because I frankly haven't studied it enough.

MR. EARLY (quietly to the President): That was Fred Haskins.

THE PRESIDENT: It sounded just like Mark. No, Fred, frankly I haven't read anything but the headlines.

Q Mr. President, if we may get back to the general proposition of war, when and if one comes--that is the proposal that has been talked by a good many groups of persons of drafting manpower, capital, and manufactures; in other words, making all subject to national defense requirements.

THE PRESIDENT: In one sense, I don't quite like the word drafting.

Q That is the word that has been used.

THE PRESIDENT: Yes, but I think we ought to have a better word than drafting.

Q Mobilization?

THE PRESIDENT: That's it--mobilization.

MR. YOUNG: Thank you, Mr. President!

The Press Conference adjourned at 10:57 A.M.

CONFIDENTIAL
Press Conference #430,
Executive Offices of the White House,
February 1, 1938, 4.10 P.M.

Q (Mr. Young) The Committee wants to thank you for your letter, Mr. President.

THE PRESIDENT: It was a real party. Wish I had been there.

MR. DONALDSON: All in.

THE PRESIDENT: Well, there is nothing at this end of the line, except that the mail is arriving so fast that it cannot be opened. Quite a number of people with pay checks coming in the mail cannot find their pay checks.

Q Mr. President, have you any comment to make on the United Automobile Workers' suggestion for limiting profits of the industry and regulating prices by legislation?

THE PRESIDENT: No.

Q Do you plan to discuss railroad legislation?

THE PRESIDENT: No. There is going to be a meeting on railroad legislation pretty soon. I don't think it is this week. Various people are concerned.

Q Is it a meeting here, sir, in your office?

THE PRESIDENT: Yes. Chairman Splawn came down to see me and to talk about it. It is at his suggestion.

Q Would it probably include the discussion of rates?

THE PRESIDENT: No.

Q Refinancing?

THE PRESIDENT: Oh, all kinds of things.

Q Except rates?

THE PRESIDENT: Yes.

Q Will Senator Wheeler take part in that?

THE PRESIDENT: I haven't got the list of people yet suggested by Chairman Splawn. I will know pretty soon.

Q Will Jesse Jones be in it?

THE PRESIDENT: I don't know. I haven't any list made up as yet.

Q Mr. President, there was a story appeared in the morning papers which said that instead of talking about the business recession with a group of industrialists who came down here on January eleventh, you talked about hillbillies and war in China?

THE PRESIDENT: The answer is, "Was there, really?"

Q Mr. President, your National Defense Message leaned to the Government side. Did that Message have all the Army items you have in mind now?

THE PRESIDENT: I did not get it.

Q Mr. President, your National Defense Message, did it have in it all the Army recommendations which you have for the moment?

THE PRESIDENT: Yes.

Q Mr. President, do you favor a one-cent-a-gallon tax on fuel oil?

THE PRESIDENT: The matter was brought in this morning. You know who brought it in. And I referred them and the subject to the Committee on Ways and Means of the House. I talked to Congressman Vinson of the Sub-committee and he said he would be very glad to have any facts which the Oil Administration and the Bureau of Mines may have in regard to the oil supply. I have not asked them yet but I am going to ask them if they care to submit any facts -- not recommendations, but facts -- on that particular

subject and send it up to the Committee on Ways and Means.

Q Any necessary relationship between a tax and the supply of the product?

THE PRESIDENT: Well, that is what those three gentlemen said this morning.

Q You said there would be no recommendations?

THE PRESIDENT: No.

Q Mr. President, are you planning a further elucidation of foreign policy along the lines of suggestions now being heard in Congress?

THE PRESIDENT: On farm?

Q Of foreign policy -- any further elucidation of foreign policy?

THE PRESIDENT: I think it is very clear to most people, Mark (Sullivan).

Q That was Freddie (Mr. Wile).

THE PRESIDENT: Was that Fred?

Q Yes.

THE PRESIDENT: Well, how can I tell? (Laughter) They are right side by side. It is all right.

Q Mr. President, Hugh Johnson has referred to the meeting of little business men as "Uncle Dan's Conference of Elocutionists." Can you answer that?

THE PRESIDENT: The answer again is, "Did he?"

Q Have you picked a new Judge for the Sixth Circuit?

THE PRESIDENT: I will, probably, very soon.

Q Will he come from Kentucky?

THE PRESIDENT: I think so. That is one of the circuits where there are four states with four circuits, so it makes it fairly easy.

Q Do you plan any action to make it easy for small industries to get new capital?

THE PRESIDENT: That is one of the matters under discussion. You might say it is for very early study -- preliminary study.

Q Has there been any decision on how those that will come to see you will be selected?

THE PRESIDENT: No, of course it is up to them.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #431,
Executive Offices of the White House,
February 4, 1938, 10.50 A.M.

Q Did you hear of Dexter Cooper's death?

THE PRESIDENT: Yes, too bad. Nice fellow, too.

MR. DONALDSON: All in.

THE PRESIDENT: The only news is that the Housing Bill was signed yesterday. I don't think there is anything more.

Q Mr. President, the Packard Motor Car Company announced this morning, in Detroit, a $100. reduction in price on its six-cylinder car. Is that more or less in line with your recent price-wage statement?

THE PRESIDENT: Is the car identical with last year's car?

Q I did not get the details.

THE PRESIDENT: Then you see, how can I answer the question?

Q Have you heard anything from the motor people since they were here?

THE PRESIDENT: No.

Q Any indication as to when you might hear from them?

MR. McINTYRE: I have not had any communication, sir.

Q Some time ago you asked the Civil Service Commission to make a study of applying the five-day week to Government service. Have you ever received that report?

THE PRESIDENT: I don't think so, Russ (Young). You had better ask Danny Bell. He may have it. I have not had it.

Q Have you fixed a time for the forthcoming railroad conference?

THE PRESIDENT: No, not yet.

Q Have you a list you can make available?

THE PRESIDENT: I think that could be made available.

MR. McINTYRE: I think it is pretty definite now.

THE PRESIDENT: Pretty definite. I think we will give it out today.

It is a very informal conference, you know, just to talk in a preliminary way -- to talk things over.

(At this point Mr. Fred Essary asked a question while the President was still talking.)

Those things should not be dignified by -- (Laughter)

Q (Mr. Essary) Why all this applause? I don't quite see. (Laughter)

I apologize; I did not know they were applauding you. (Laughter)

THE PRESIDENT: What was it, Fred? I did not get it.

Q (Mr. Essary) This is a proposal to pool the earnings of the railroadsunder any rate increase that may be granted in order that the weaker railroads may get the lion's share and the stronger railroads, that do not need the money, get a smaller share. Have you any answer to that, sir?

THE PRESIDENT: Wasn't that a proposal made fifteen years ago?

Q Made several times but not so seriously entered into as now.

THE PRESIDENT: I have not heard it for fifteen years.

Q Have you any plans for a vacation?

THE PRESIDENT: I am going up to Hyde Park for three days on Washington's birthday, which makes a terrible liar out of some people that I know. (Laughter)

Q After you have seen the small business man's representatives today, do you contemplate any more business conferences? (Laughter)

THE PRESIDENT: I do not know. Of course they might ask for another one.

Q Mr. President, will you complete that sentence you started to the effect that "Those things should not be dignified --"?

THE PRESIDENT: What I was going to say on this railroad meeting, I do not think it should be dignified by the word "conference." It is not a conference. A conference is a formal gathering. I just invited these gentlemen in, about eight or ten of them, for just a preliminary talk. I do not know what will come of it. I have no idea.

Q Was not the small business men's conference held at the request of the small business men?

THE PRESIDENT: Yes and no. The origin, of course, is perfectly simple. We got in the White House, beginning about two months ago, a large number of letters saying, "Please, can we come down to Washington? Why don't you pay the same attention to us?" There were hundreds of them that wanted some kind of a conference in Washington. It was perfectly vague, but they wanted to be here. Of course, to a good many of them we wrote back and said it was impossible to see everybody individually and would they write their views. They still kept coming back and saying, "We would like to come to Washington." There were a good many hundreds of them. We were confused, quite frankly, with the dilemma. If we said, "No" to them, certain agencies in the country would say that we were turning them down. If we invited them down here, it was very difficult to handle a group of that kind. But I do not think it is a fair thing to ridicule either them or their efforts.

Q How were they invited? Were those who wrote the letters, were

they the ones?

THE PRESIDENT: Yes, largely. I think entirely. They were all people who had written letters.

Q Mr. President, a great many of the delegates expressed the belief that the conference had been a flop. Do you share in that view?

THE PRESIDENT: I don't know. I have not heard from them.

Q Mr. President, have you asked any Federal agency to study the possibility of extending financial aid to small business men?

THE PRESIDENT: Well, that matter is under study, as I said last week.

Q Mr. President, may I read one sentence from Senator Wagner's speech on the Housing Bill, when he subscribed to the idea of taking out the prevailing wage amendment? He said:

> "If we ever come to the time when we in this body pass laws saying how much a bricklayer shall receive per day, how much a carpenter shall receive, how much a clerk working in private industry of any kind shall receive, and begin to fix all those wages, we will destroy unionism and freedom of collective bargaining and advance on the road toward fascism."
>
> (Page 1266, Cong. Record, 75th Congress, 3rd Session)

Q Would you mind telling us whether that is your thought, too?

THE PRESIDENT: It goes in line with everything I have always said, always. Now, do not misinterpret that. There are lots of ways of misinterpreting it.

Q His idea was that if you go beyond fixing, you get into this realm of doubt and danger.

THE PRESIDENT: I will just give you one thought on it. You know we talked a good deal about a floor for Agriculture. Well, just use the analogy on wages. The Agricultural bill does not attempt, in any way, to set the price on corn or the price on anything else.

All it does is sets a floor. Use the same analogy on wages and you will about hit it right.

Q Any progress being made about working out a plan for yearly wages for the building industry?

THE PRESIDENT: I do not know; I do not know.

Q Are some of the Federal Housing people working on that plan, Mr. President?

THE PRESIDENT: No. I think industry is working on it and the people who will build under this plan, they are probably working on it, too, in different localities.

Q Mr. President, have you selected anyone to head a campaign to sell the housing program to the country under the new bill?

THE PRESIDENT: No. For details you had better go and ask Stewart McDonald.

Q Mr. President, there is considerable talk before the House Naval Affairs Committee about the need for two independent fleets, one for each coast. Do you think so?

THE PRESIDENT: I think you had better read the proceedings of the Naval Affairs Committee.

Q I heard them.

Q On this housing bill again, do you think they need an aggressive selling campaign to acquaint the country with the new program?

THE PRESIDENT: There again you will have to ask Stewart McDonald.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #432,
Executive Offices of the White House,
February 8, 1938, 4.10 P.M.

THE PRESIDENT: (Speaking of one member of the Press who was looking back over his shoulder at another member of the Press) He is examining your facial expression to see whether you are fearful, or benign, or hard-boiled or anything else.

Q He is checking up on Bascom Timmons, I think, Mr. President.

THE PRESIDENT: That is it.

Q A big gate today.

MR. DONALDSON: All in.

THE PRESIDENT: I don't think I have got any news.

Q Mr. President, there were some Mayors in this afternoon and I noticed you had Mr. Williams and Mr. Morgenthau after them?

THE PRESIDENT: They were talking about the relief problem all over.

Q Do you plan any action?

THE PRESIDENT: It is in the study stage.

Q Mr. President, are the published reports true that you are going to do some sort of newspaper writing?

THE PRESIDENT: No, they are not.

Q Not true?

THE PRESIDENT: No.

Q I think the announcement has been made by some syndicate?

THE PRESIDENT: No, that is not true. If you would like to know what is true, I will tell you. You know these five volumes that are coming out -- you have had that story for several months. The five volumes contain six prefaces -- in other words, one general

and one for each volume. And, in addition, they contain notes to speeches, bills, Messages to Congress, Executive Orders, et cetera, in other words, notes to the Public Papers. Those notes are of some interest. They are being sold to a newspaper syndicate or syndicates. There is no writing for the newspapers, and there is all the distinction in the world, as you will easily recognize. In other words, it is an advance publication of the notes and the prefaces to those five volumes.

Q You wrote them?

THE PRESIDENT: Yes.

Q This would not be in the nature of a column?

THE PRESIDENT: Nature of what?

Q Nature of a column?

THE PRESIDENT: Oh, I wish it were.

Q Can we quote that?

THE PRESIDENT: Yes. I could never write a column after what I said about the impossibility of writing a column every day in the week.

Q There has been a report and rumors in New York for the last ten days or so that you were going to announce another breathing spell for business. Is there anything you can say? (Laughter)

THE PRESIDENT: The crowd has given you the answer.

Q Just a horse laugh.

THE PRESIDENT: I would not call them horses, now really. (Laughter)

Q Mr. President, did your indirect endorsement of Senators Barkley, Duffy and Pepper mean that you want particular incumbents returned?

THE PRESIDENT: You must have sat up all night thinking about that.

(Laughter)

Q That is a product of today.

THE PRESIDENT: It is not properly stated.

Q Can you phrase it otherwise?

THE PRESIDENT: No, I could not.

Q Mr. President, was the statement of James Roosevelt at Palm Beach a reflection of your views?

THE PRESIDENT: I only know what I read in the newspapers. I do not know whether he was even accurately quoted.

Q There was considerable concern in Illinois as to whether there would be some indorsement of Senator Dieterich?

THE PRESIDENT: So I hear. (Laughter)

Q Do you favor the plan of the Maritime Commission for a mediation board?

THE PRESIDENT: I cannot tell you. I thought that question would be asked and the only way I can answer it truthfully is to tell you that the Secretary of Labor is in Louisiana and the Chairman of the Maritime Commission is in Florida. I suppose after they get back I will talk it over with them.

Q Mr. President, have you seen the Secretary of State's letter to the United States Senate, or to Senator Pittman in connection with the Johnson Resolution?

THE PRESIDENT: No, I have not seen the letter, Fred (Storm). He read it to me over the telephone yesterday and I do not know whether the actual letter followed what he read or not. At any rate, it is substantially accurate.

Q Mr. President, have you any comment on the call here of the Chinese

Ambassador yesterday?

THE PRESIDENT: Oh, no; he comes in frequently, just like a lot of other Ambassadors.

Q Are you considering a Fireside Chat any time soon?

THE PRESIDENT: I hope not.

Q Has a date been set yet for your railroad conference?

THE PRESIDENT: No. I do not know yet when I am going to call it. I am going to try to find out, if I can, what the probability is about handing down a decision by the I.C.C. on the rate case and, if one comes down pretty soon, I would rather wait and have the railroad conference following instead of ahead of it.

Q Will you explain a little bit on what we understand you told the representatives yesterday about self-liquidating public works?

THE PRESIDENT: Of course I did not say what I was credited with saying. What I did say was this: That without going into any specific projects it would be a good thing if localities and states could study the possibility of projects which would eventually self liquidate, especially as to capital, even if you did not include interest in it, so that the money spent on relief would eventually return to the Treasury, even if it took a great many years. We did talk about various possibilities of increasing the number of self-liquidating projects, among them national highways.

Q Mr. President, there was considerable talk in the House Naval Affairs Committee this morning on the relative battle efficiency of planes and battleships. Do you know anything of that?

THE PRESIDENT: No, except that almost every American male -- I won't speak for females -- from the age of ten upwards is an amateur

strategist.

Q Do you care to discuss the suggestion revived by the President of Yale last night about the advisability of Government spokesmen being available for interrogation on the floors of Congress, respecting foreign affairs particularly?

THE PRESIDENT: No, there is nothing new in that. It has been suggested, I think, since 1787.

Q What do you think about it?

THE PRESIDENT: Oh, I don't know.

Q Maury Maverick is for it.

THE PRESIDENT: Is he? (Laughter) Of course it probably would work if we had a British parliamentary system. But we haven't. That is the easiest way of putting it.

Q Do you have any reaction on the proposal that National Banks be allowed to return to security underwriting in limited cases?

THE PRESIDENT: No. There have been two or three letters and suggestions that came in lately, but I have not seen any suggestion to restore it, to safeguard it at the same time against the evil practices in the old days.

Q Have you any comment on business practices?

THE PRESIDENT: Have not had a chance to do anything on it the last two weeks.

Q How about the possible construction of the Nicaragua Canal? Have you given that especial attention?

THE PRESIDENT: No, no special attention. Not any more than I said in my Message to Congress. The Panama Canal is a very fine thing but of course there is a possibility of danger because of its

weakness.

Q Do you expect to ask for additional WPA funds?

THE PRESIDENT: I just answered that. The thing is being studied at the present time. I think we will have something on it in the course of the next few days.

Q Any comment on the insistence of eastern Congressmen that we should have an Atlantic Fleet in addition to the Pacific Fleet?

THE PRESIDENT: No, that is amateur strategy.

Q On the information we are soon to have on WPA appropriations, will that be in the form of a Message --

THE PRESIDENT: (interposing) No, I have not got as far as that.

Q An argument is going on as to whether we should have more pump priming.

THE PRESIDENT: No, we are not considering that question from the point of view of pump priming at all. We are considering it from the point of view of human needs.

Q How about the Woodrum amendment?

THE PRESIDENT: As I say, the whole thing is under study. We do not know anything about methods until we find out how much money we need.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #433,
Executive Offices of the White House,
February 11, 1938, 10.40 A.M.

THE PRESIDENT: I wish I had somebody here to go through the letters, the telephone calls and the visits in relation to purely personal problems. There would be a book in it. They are bringing up children and everything else.

Q Send a supplemental appropriation up asking for a Dorothy Dix for the Administration.

THE PRESIDENT: Yes, a new Administrative Assistant to the President.

MR. DONALDSON: All in.

THE PRESIDENT: That was in the front row. They have no questions to ask. How about the rear?

Q Mr. President, do you intend to gratify Senator Hiram Johnson's longing for more information on foreign affairs?

THE PRESIDENT: Is this "Mark Wile?" (Laughter)

Q Mark First Wile. (Laughter)

THE PRESIDENT: What was the question?

Q Do you intend to gratify Senator Johnson's longing for more information on your foreign policy?

THE PRESIDENT: Well, I cannot answer the question put that way.

Q Will you answer it in your own way?

THE PRESIDENT: Oh, I don't think so. (Laughter)

Q Do you intend to say anything to Congress very soon on foreign policy?

THE PRESIDENT: I don't think so.

Q Can you tell us something about that $16,800,000 additional funds

you asked for?

THE PRESIDENT: There were several things listed.

Q Six. They were not specified in the letter though.

MR. McINTYRE: They are listed with Dan Bell's accompanying letter.

THE PRESIDENT: They are listed with Dan Bell's accompanying letter.

I don't think there is anything more to say about that.

Q The duties of Adolph Berle have been variously reported. I wonder if you can set us straight on what he is supposed to do down here?

THE PRESIDENT: Assistant Secretary of State.

Q We understood he was going to be your direct representative. Is that correct?

THE PRESIDENT: No; he is going to be Assistant Secretary of State.

Q In your memo to Congressman Boland on petroleum, you mentioned a tax on crude petroleum. Boland had been asking for a tax for fuel oil used in heating. Do you propose to raise the ante?

THE PRESIDENT: No, you know perfectly well what was done. It was a request for information that was furnished and there is some information being gotten. That is all.

Q Have you set the date for the railroad conference yet?

THE PRESIDENT: No, not yet.

Q Do you intend to appoint Charles West Comptroller of the Currency?

THE PRESIDENT: I haven't got any news on that at all. I have been reading all kinds of things in the papers.

Q Mr. Jones indicated the possibility that there will be a revival of industrial lending by the RFC?

THE PRESIDENT: Same answer as last Tuesday. The whole thing is under

study.

Q Mr. President, do you favor the enactment of some sort of excise taxes to raise funds for parity payments under the farm bill?

THE PRESIDENT: Well, the farm bill has not come to me yet. That is the only way I can answer it. It is being analyzed now.

Q Mr. President, yesterday Representative Disney was down here and he said he discussed politics with you. Did you give him your blessing for his candidacy against Senator Thomas?

THE PRESIDENT: No, I will tell you what I told Wesley. I told him I hoped he would run for the House again as I thought he was a very valuable member of the Ways and Means Committee.

Q Mr. President, there is considerable talk in the hearings of the House Naval Affairs Committee about the United States being in the key position to call for another limitation of armaments. Do you think so?

THE PRESIDENT: Oh, that is a thing I could not discuss out loud if I thought so.

Q Mr. President, is the recession flattening out? (Laughter)

THE PRESIDENT: How old is Anne? (Laughter)

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #434,
Executive Offices of the White House,
February 15, 1938, 4.00 P.M.

MR. YOUNG: I gave Steve (Early) a big bunch of subpoenaes.

Q The Judge sent some up.

THE PRESIDENT: That is all right. Don't you think I ought to sign a lot of blank pardons, too?

Q Give me one to carry around.

THE PRESIDENT: Blank pardons and then you can fill in the offense to suit yourself. That is generous.

Q (Mr. Storm) For parking tickets, Mr. President?

MR. DONALDSON: All in.

THE PRESIDENT: Well, we have settled most of the affairs of the Nation in the third row. Now, does anybody want to ask any questions in the back row?

Q Mr. President, still in the front row, slightly offside, Mr. Walsh, of the New York Power Authority, was down here today. He did not say much but indicated you may have something to say this afternoon.

THE PRESIDENT: I cannot say anything. The only way I can tell you the situation is as background, without attribution.

There is a good deal of talk up in Canada about the development of a good many new power resources and there is discussion going on about the shipment of that power into the United States. That shipment has been, in a good many cases, contrary to law. It would call for a modification of the law, of the provincial law. The problem that that raises for us is this:

Not that we oppose additional power, the more power we have the better it is, but we have to remember that power imported, that kind, is subject to cutting off at any moment and if we depended, in this country, on the import of power subject to its being cut off at any moment, it is a pretty dangerous position to be in.

Then, of course, there is the other phase of importing power in case of war. I do not mean war between the United States and Canada but suppose Canada were to go to war with somebody else, they would probably want all their power and we would get cut off. Or suppose we went to war with somebody, under neutrality provisions they might want to cut us off and there we would be left without any power.

So that was the principal point of discussion with Chairman Walsh. It all ties in with the general desire of the two nations, proceeding simultaneously and by agreement, for the simultaneous development of power on both sides of the border, and especially using those power sites which are held in common as, for example, the Erie River where the boundary line runs down the middle of the river.

Q Has the matter of competition with domestic power producers affected --

THE PRESIDENT: (interposing) I say the more power and the cheaper power we get the better, as a general proposition.

Q Does some power come from Canada and some go from the United States into Canada?

THE PRESIDENT: I don't know of any power that goes from the United

States into Canada. There is a certain amount coming from Niagara at the present time.

Q Is this particularly Ontario power?

THE PRESIDENT: No, this is Quebec power, too.

Q Does this cost more or less than our power? Is it a cheaper rate?

THE PRESIDENT: It is a cheaper rate than any power being sold in this country, except some of the commercial rates at Niagara Falls which were, as I call it, "come on" rate. In other words, they were rates given by the original Niagara Falls Power Company to induce industries to locate at Niagara Falls.

Q You spoke of the eventualities in connection with war and the cutting off. Is this the main thing?

THE PRESIDENT: Yes, that is the only objection we are bringing as to the use of a great deal of Canadian power. It cannot be guaranteed in time of peace or in time of war.

Q Can you tell us what you decided to do?

THE PRESIDENT: Nothing; we are studying it, that is all.

Q Does this include the St. Lawrence or Passamaquoddy projects?

THE PRESIDENT: Nothing to do with Passamaquoddy but a great deal to do with St. Lawrence.

Q You spoke of --

THE PRESIDENT: (interposing) Yes, of course, Passamaquoddy some day.

Q You spoke of it being, in some cases, contrary to law. Do you mean the laws of the United States or of New York?

THE PRESIDENT: Provincial law. Except this, of course, that no physical connection can be given, can be permitted, without the permission of the United States.

Q Have we given that permission in the past, Mr. President?

THE PRESIDENT: That I do not know. That is one of the things we are studying. Maybe they have got lines connected up without any permit.

Q Can you tell us about your conferences on the Coal Commission situation, the members of the Commission and the consumers' counsel?

THE PRESIDENT: I am trying to find out what the law is.

Q Nobody seems to know.

THE PRESIDENT: No, you are right.

Q Do you care to comment on Senator King's proposal for an arms conference?

THE PRESIDENT: Who is that, "Farmer" Sullivan? (Laughter)

Q (Mr. Sullivan) You are fifty per cent. right.

THE PRESIDENT: I can just see the top of Mark's head. It is all right. I see him. Mark, that was a great story about the hen. That is good. I like your natural history. I am fond of it myself. I would like to go and see your farm.

Q (Mr. Sullivan) Thank you very much.

Q Mr. President, what was your answer to that question of Mark Sullivan's?

THE PRESIDENT: No comment.

Q Will you comment on your talk this morning with these clergymen from the Council of Churches? Weren't they discussing foreign policy?

THE PRESIDENT: Foreign policy and peace and we are all in favor of peace.

Q Can you tell us what you told them?

THE PRESIDENT: I was in favor of peace.

Q What did you talk about?

THE PRESIDENT: We talked things over in an amicable way and we all agreed we are opposed to aggression and in favor of peace.

Q In view of Japan's failure to reveal her Naval plans to us, is the next move up to the United States with respect to consulting with Great Britain and France?

THE PRESIDENT: I think you will have to ask the State Department.

Q Are you opposed to any increase in Japan's Naval ratio?

THE PRESIDENT: I guess you sat up last night thinking about that, too. (Laughter)

Q No, sir; I have been sitting in the Naval Affairs hearings.

THE PRESIDENT: I have not finished with that question; it is a very good question.

Q Congressman Fish spoke of an increase.

THE PRESIDENT: What you come down to, of course, is a consensus of opinion by those people who know most about the problems of national defense, and the consensus of opinion by the people who have given the greatest thought to it is that we cannot rely on the single defense in one ocean, that there must be more defensive possibilities than mere defense in one ocean. In other words, we might be faced with a war on two sides. Now, that is about all I can say. No use to take up mathematics. We have to consider the possibility of defense on both sides.

Q Mr. President, since your talks with Mr. Kennedy and Miss Perkins, can you tell us now how you stand on the mediation plan?

THE PRESIDENT: I find you are only half right. I have not seen Miss Perkins.

Q Your talk with Thomas Lamont, was that part of the business conferences, or something else?

THE PRESIDENT: It was part of the continuation of the previous talk and part about subjects in general.

Q For instance, what?

THE PRESIDENT: In general.

Q Small loans?

THE PRESIDENT: Oh, yes; that was one of them. I think there were five or six different topics.

Q In view of your stand on the question of giving Federal funds for road building, what do you think of these current plans for great super-highways that are being put forward on Capitol Hill?

THE PRESIDENT: Those plans, of course, are based on a return of the expenditure eventually. Matching of state funds is not based on any return of any expenditure.

Q Through tolls -- the return would be through tolls, is that the idea?

THE PRESIDENT: Tolls and the principle of excess condemnation.

Q Did you ever put that excess condemnation into practice any place?

THE PRESIDENT: They have done it in some cities. Of course they do it quite generally in England.

Q I guess none of the Federal funds have gone into excess condemnation.

THE PRESIDENT: I don't think they use that method.

Q You are in favor of it?

THE PRESIDENT: Very much. I always think, on excess condemnation, of some of the iniquities or inequalities that chance and the engineers bring about. Up in Southern Columbia County, which is above us on the river, Colonel Greene decided that he was going to run a new location of an old road about, oh, a couple of miles from the old location and thereby cut out not only mileage but a great many bad turns and twists, and he was going to make it run as the crow flies. So they took their engineers up there and they found that they had to cut through a fellow's farm, right through the middle of it. He had had one road frontage and he had actually bought the farm for about $4,000. and was farming it. Along comes Greene and asks him to sell a strip one hundred feet wide through the middle of the farm and he was paid $2,000. for his strip. Well, that was a jury of neighbors and for this little strip one hundred feet wide he got $2,000.

The result was that his farm, instead of having one frontage on a dirt road, he retained frontage on the dirt road and he had two frontages on a beautiful three-lane State highway. Three frontages -- well, it was pretty good. He had $2,000.in cash and he proceeded to sell his farm as three farms, each one with a road frontage, and he got $6,000., so he got $8,000. for property that had cost him $4,000., solely because of the action of the State. They happened by chance to go through his farm.

Now, on the principle of excess condemnation, you do not enrich anybody by pure chance. You buy the land at an absolutely fair valuation and, of course, as you know, when the Government buys land they generally pay more for it than the fellow paid

when he bought it. In this way the Government gets the increment by buying more (than it needs) and selling it off at the advanced price and taking the profit, and turning that profit into paying off the bond issues.

Q Isn't excess condemnation prohibited in some states?

THE PRESIDENT: I don't know.

Q There is a group of economists at the Treasury studying price structures. Have you given any thought to that since talking to us?

THE PRESIDENT: Yes, they are going to bring in a report on Thursday and I may be able to give you something about it on Friday morning. But I think on the general question of price structure, I think the thing to emphasize is that the principle I enunciated away back in -- what? -- 1933 is just the same. It has not changed. It is too low and ought to go up at the present time. That does not mean, however, that copper should go to nineteen cents again.

Q Can you tell us whether you will join the reception to Governor McNutt, or will you have a representative there?

THE PRESIDENT: I have not heard anything about it. When?

Q The twenty-third, or thereabouts.

Q Senator Minton has invited four thousand people to shake the hand of Governor McNutt at the Mayflower Hotel.

THE PRESIDENT: I guess the Governor will be in to see me.

Q But the question was, "Will you go to see the Governor?" (Laughter)

Q Getting back to this road question, you are not against this superhighway plan?

THE PRESIDENT: Oh, no, not a bit. In fact I am studying the thing now to see whether, on the principle of excess condemnation with reasonable tolls, we would not get our money back. I don't know.

Q Have you seen any of the bills on that line up on the Hill?

THE PRESIDENT: There are a flock of them. I have not seen any one of them.

Q Have you discussed any of the aspects of the $125,000,000. loan by agreement to Italy?

THE PRESIDENT: I have not heard of it.

Q Anything on the railroad meeting, Mr. President?

THE PRESIDENT: No, I am trying to find out when that I. C. C. decision is coming down.

MR. TROHAN: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #435,
Executive Offices of the White House,
February 18, 1938, 10.40 A.M.

Q Good morning, Mr. President.

THE PRESIDENT: How's the class? (Referring to charts on the desk in front of him, which are evidently going to be explained to the correspondents.)

Q Back to school -- going to school again.

THE PRESIDENT: Yes, we are all accustomed to it.

Q Mac is going to explain it to us.

THE PRESIDENT: Yes. (Laughter) The dotted line (referring to charts in front of him) represents the high cost of liquor.

Q Well, we are going up to where we can get it a little cheaper. The Nelson House bar is always --

THE PRESIDENT: (interposing) Yes, they do not have the same overhead.

Q I don't think they will be able to get in today, it is a big crowd.

THE PRESIDENT: Really?

Q Charge a buck a head and we would make some dough out of it.

Q Yes.

MR. DONALDSON: All in.

THE PRESIDENT: I am requested by Mr. Wile (Frederic William Wile) to file a plea in avoidance. He sent me the following this morning and it calls for an answer on the part of Mr. Sullivan. Wile says:

"I would make an observation
For your private information
Re a subject on which
You're somewhat in the dark.
I am filled with high elation

When you tune in the wrong station
And mistake me
For a man who's made his Mark.

Though he's no New Deal supporter,
On behalf of a reporter
I venture upon a prayer to embark.
Sullivan's got the reputation
Which deserves perpetuation,
So I humbly rise to plead,
God save the Mark!" (Laughter)

Q (Mr. Sullivan) That is about all I have to rely on. (Laughter)

THE PRESIDENT: Well, as you know, I talked with various agencies of the Government the past week in an effort to clarify for you certain economic problems and they worked up for me yesterday a statement on which they are all agreed. That is pretty good, to get six or eight different agencies of the Government to agree. It might be called noteworthy. So, I think the best thing I can do is to read what they have all agreed on. It is not very long and Mac (Mr. McIntyre) -- it is only three and a half pages -- and Mac has mimeographed copies of this so you won't have to take it down. (Reading)

"This Administration has from the beginning pursued a policy designed to promote full employment of our human and material resources. That continues to be our policy. The productive power of our workers and our resources, if fully utilized, can provide and maintain a national income far above any levels we have yet reached.

"An important factor that determines whether we shall succeed or be blocked in our endeavor to attain full employment and a high level of income is the behavior of prices. In this connection careful attention must be given to : (1) the relations of the prices of various groups of commodities to each other; (2) the relations between commodity price levels and the levels of debt burdens and costs; (3) the direction and rate of movement of the general price

level. To further its broad objective the Administration has, therefore, in its agricultural, industrial, and monetary programs necessarily been concerned both with the relation of the prices of groups of specific commodities to each other and with the movement of the general price level.

"The measures employed at any given time to further this policy must fit the needs of that time. A year ago there was ground for concern that a too rapid rise in the prices of some commodities was encouraging a speculative boom. During the past six months, on the other hand, the general price level and industrial activity have been declining. Government policy must be directed to reversing this deflationary trend.

"This does not mean that all prices should advance, nor that the rise should be rapid. Prices of different groups of products must be brought into balanced relations to one another. Some prices and some costs are still too high to promote that balanced relationship between prices that is necessary for sustained recovery. Continued high prices of many of the commodities not subject to highly competitive market forces itensifies the downward pressure on all other prices. Those industries that have maintained prices and curtailed output should seek the restoration of profits through increased rather than through restricted output.

"The prices of some items are still at the highest levels reached in 1937; some are even higher than in 1929. When high prices sharply curtail sales there is real danger. This is shown by our recent experience with housing. A year ago there was a serious shortage. We had unused productive resources ample to overcome the shortage. Yet all the major elements in housing costs advanced so sharply by the Spring of 1937 as to kill a promising expansion of activity in an industry whose restoration is vital to continued recovery.

"For industries, such as agriculture, that operate at a high level of capacity even when business activity is at low levels, the restoration of profits must come primarily through higher prices. Higher prices in such industries and increased output in other industries will, by increasing profits, encourage

new investment in replacement and expansion of equipment. This is necessary to full recovery.

"The average family will benefit from the business recovery which a balanced price structure will foster. Increased employment and more continuous income should much more than offset any increase in the cost of living. Recently wholesale prices have declined markedly, yet that decline has been reflected in the cost of living only to a very slight degree. A moderate rise in wholesale prices at this time should only slightly affect living costs. Incomes of most families will increase while the cost of what the housewife buys should show little change. The average family will enjoy a higher standard of living.

"It is clear that in the present situation a moderate rise in the general price level is desirable, and that this rise need not and should not extend to all prices. The rise should take place in and must be mainly confined to classes of commodities whose prices are too low. These include most of those raw materials and finished products which are produced and sold under highly competitive conditions. Such rise must not be so sharp or continue so long as to lead to a repetition of the unhealthy speculative conditions of a year ago. That sharp rise in prices encouraged speculative inventory buying which, combined with the decline in housing construction, laid much of the ground for the present recession. We must do everything we can to prevent this from happening again.

"Our program seeks a balanced system of prices such as will promote a balanced expansion in production. Our goal is a constantly increasing national income through increasing production and employment. This is the way to increase the real income of consumers.

"This is not a policy of restriction; it is a policy of abundance.

"Our agricultural, industrial, housing and monetary programs have been and will be directed toward this end."

This statement was prepared at the President's request by:

Henry Morgenthau, Jr.,
Secretary of the Treasury

Henry A. Wallace,
Secretary of Agriculture

Frances Perkins,
Secretary of Labor

Marriner Eccles,
Chairman of the Board of Governors
of the Federal Reserve System

and economists of various executive departments.

Well, that is what they all agreed on. Then they had some charts and I threw out all the charts I could not understand and I kept the ones I could understand and they are here behind me.

This chart (indicating chart "Wholesale Prices and Employment") shows that wide disparities between rigid and sensitive prices, between finished goods and raw materials, are closely related to low levels of employment shown on the lower curve, and that high levels of employment accompany balanced prices. The last two years are shown in more detail at the right of the chart. These (indicating) on the left are from 1929 through 1937. These will be taken out to the Press Room and you can look at them and memorize them.

This chart (indicating chart headed "Per Capita Farm and Nonagricultural Income available for Living and Living Costs, 1924-38") shows incomes of farm and city workers compared with the living costs from 1924 through 1937. It shows first that living costs are relatively stable as compared with farm and city workers' incomes. The top dotted line is living costs. The dash line is per capita nonfarm income, and the black line at the bottom is the per capita farm income. It shows also

that a rise in prices and incomes can be achieved without a corresponding increase in the cost of living. You see, things were going along pretty well at that stage of employment through 1929, but here (indicating a point midway through 1929) this discrepancy between the dotted line and the black line is beginning to widen.

This chart (indicating chart entitled "Wholesale Prices of Selected Agricultural Products, 1929-38") shows index numbers of selected farm products from 1929 through 1937. Taking the 1929 prices as 100, this chart shows the movement of the four major farm commodities since that time. The first is cotton, 10 spot markets. The next one is wheat. The dotted line on the chart on the bottom shows hogs and the other, the black line, shows corn. As you know, corn and hogs go together.

The 1929 prices, which are taken as a base, were themselves not very high in several cases, due to falling off in export demands, which had already begun to occur. Those averages were wheat 117, corn 93, hogs and cotton 18.25.

The chart also shows that, even with Triple A operations, the prices of farm commodities continuously varied up and down and have not shown the rigidity shown by administratively determined prices. Here (indicating) there is a sharp fall.

This chart (indicating chart entitled "Wholesale Prices of Selected Building Materials") is, I think, one of the most significant ones. It shows the price trends of certain building materials. The top dotted line is cement. It shows that it started at about 105 in 1929, went down to nearly 80, came back

in 1934 to just where it was before and has continued on the same level of around 105. On the other hand, structural steel, starting at 100, went down to 80, and in 1934 came back to 98, and since then has gone to nearly 120.

Then you come to two other building materials, wall board and house paint, that today are both below the 1929 level. They took a big drop, of course, in 1932, but they have come back and have leveled out pretty well and are running along lower than what they were in 1929.

Now, the next line is plaster. In 1929 it was 90. It has gone up by a series of leaps and bounds until it is now nearly 180.

Prepared strip shingles did somewhat the same thing. They started below 90, went down to 80, and went clear up to 150, and are now back to 120, which is still 30 points above what it was in 1929.

Q You said that was a significant chart. What is the particular significance?

THE PRESIDENT: It is the breaking down of raw materials in one industry, building, and it shows that you cannot make one general rule. You see, plaster is way up, prepared shingles are way up, and wall board and paint are still a little down.

Q The point is in the divergence?

THE PRESIDENT: Yes, and also the fact that, taking it by and large, there are some pretty important materials there that are way up above the 1929 level. Now, this is going to save time and then if you have any more questions it is all to the good. I worked out some questions I thought you might ask. This is not to

preclude you from asking others. Somebody will say, with a mind full of generalities, "What is to be done?" The problem is being talked on a good many fronts. There are many elements in the recovery program that have already been directed toward a better balance of prices. For example, the new farm bill will help, and we hope also that the new housing program, when it gets under way, will help.

Q Will you give us a copy of that?

THE PRESIDENT: On the question of what is to be done: The problem is being talked on a good many fronts. There are many elements in the recovery program which have already been directed toward a better balance of prices. That phrase, "better balance of prices," is the key to the whole thing. For example, the new farm bill will help, we hope the new housing program will help, and the expanding relief program will help.

Somebody else with a mind full of generalities will ask the second question: "Does this mean inflation?" No, the policy is to help restore balance in the price structure.

Somebody will say, "Are we going to have a further deflation of the dollar?" The answer is,"No."

Then, along the same line, is the gold action that was taken on Monday in regard to the sterilization of gold. Is it a part of the plan to increase prices? Yes, that was one of the considerations for doing it but not the only one; there were a lot of others.

Then somebody will say, "How do you reconcile this with what you said last April, nearly a year ago?" I jotted down this note,

"A question like that is a good deal like saying that a man who warns you to go slow on the curve is responsible if you run off the road."

Q Will you read that over again, Mr. President?

THE PRESIDENT: It is like saying that a man who warns you to go slow on the curve is responsible if you run off the road.

We all agree that price dislocations was one of the major causes of the recession. They included price maladjustments and speculative buying, which had been developing through the end of 1936 and the first four months in 1937, before I issued the warning that some prices were going too high. And the only question in my mind, from the point of view of hind sight, is, "Ought I not to have issued that warning before I did?"

Q The warning in this case, Mr. President, was your observation in April?

THE PRESIDENT: Yes.

Then, more on finance is the credit policy of the Government: We expect to continue to maintain easy credit conditions. The Treasury and the Federal Reserve Board are both cooperating towards that end.

We talked in the past a good deal about the 1926 price level. Are we aiming at the 1926 price level? Yes and no. In other words, it is not a question of restoring the level definitely to a given year. We are seeking to balance the relationship among different groups of prices that will promote full employment.

Q Will you repeat that?

THE PRESIDENT: We are seeking to balance the relationship among different groups of prices that will promote full employment. In other words, suppose I put it this way: Away back in 1933, as you remember, we did a lot of talking in 1933 and 1934 about bringing the price level up from around 68 or 69 to somewhere around 90 or 100. We took 1926 as a criterion. Why? Because that year represented what might be called the average of the loaned dollar; it was the average of the dollar which was owed by people. Now, since 1933 or 1934, there has been a great deal of new loaning and new borrowing in terms of the dollar of 1935, 1936 and 1937. That has to be taken into consideration as a modifying factor on the 1926 dollar. Do you understand that?

Q Which way does the modification go, up or down?

THE PRESIDENT: Down, in that case. In other words, I cannot say that we are going to try to get the price level back to 90 or 95, as compared with 1926. It is a varying thing by which you take, originally, a norm, a figure. Now, subsequent happenings have some relationship on that original figure you take and the effect in the last few years has been downward from that figure of 100.

Q What is the difference between the 1926 price and the 1935 price level? That is, how much spread is there between the two?

THE PRESIDENT: Well, if 1926 was 100, -- I do not know, I would have to ask Henry Morgenthau.

MR. EARLY: We can give them that afterwards.

THE PRESIDENT: Don't use this: We got it up somewhere between 90 and 92 in the beginning of 1936 and 1937.

Q Then the price to be aimed at would be somewhere between 92 and 100?

THE PRESIDENT: But what you write today would not be followed six months from now.

Q It is somewhere below 1926, but somewhat above what it is today?

THE PRESIDENT: Yes.

Q It is easy to see how the new farm bill would bring about the balance in agricultural prices but not so easy to see how the relief program and housing program would bring about a balance in the industrial prices. Can you explain that further?

THE PRESIDENT: Well, of course on both housing and relief it tends to increase production and it is very largely in industries that there is need to increase production.

Q Mr. President, do you contemplate using relief for any new activity other than it has been used for?

THE PRESIDENT: No.

Q In the case of the housing program, do you not think, sir, that the wage levels are also a factor?

THE PRESIDENT: That is the very next question. You are a mind reader. Are labor costs too high? The real answer to lower costs of production is to be found in increased volume rather than lower wages. That is in spite of the fact that earnings per hour in manufacturing were 24% higher in 1936 than in 1932.

Q The only one who can get it is Kannee. (Laughter)

Q Would you mind repeating it?

THE PRESIDENT: The real answer to lower costs of production is to be found in increased volume rather than in lower wages.

Now, here is the illustration: Despite the fact that earn-

ings per hour in the manufacturing groups were 24% higher in 1936 than in 1932, the labor costs per unit of output were only 6% higher. This was due in part to the fact that the productivity of labor increased. To put that in plain English, the efficiency of labor increased but it was primarily due to the fact that labor can be used more efficiently in mass production industries when those mass production industries operate at the high level of output. It is further demonstrated by what happened in the last five months. Despite the fact that wages have not increased in the last five months, the shrinking volume of output has forced up labor costs per unit of production as much as they had risen in the previous four years.

Q The shrinking output at what time?

THE PRESIDENT: In 1932 to 1937. The shrinking output forced up the labor costs per unit of output as much as they had risen in the last four years.

Q Six per cent?

Q Twenty-four per cent?

THE PRESIDENT: Six per cent. (Note: I believe that the President meant to say twenty-four per cent.)

Then, further on wages because I have not completely covered that yet, did the wages rise too fast last spring, that is, in the spring of 1937? There were very few wage increases between 1934 and October, 1936, very few, but in the following nine months -- that is to say, from October, 1936 through to July, 1937 -- hourly earnings in manufacturing plants rose from 57¢ to 65¢. In other words, it was a sudden rise. There had been

very little rise in the past few years.

We know that many firms were in a position to increase wage rates in the two previous years, 1935 and 1936, and therefore it was probably not healthy for business to have postponed for so long their wage increases with the result of having to absorb wage increases in a large lump in those nine months from October, 1936 to the summer of 1937.

Then, just by way of commenting further on that, I notice that during the downswings, recessions, people speak of the need of flexible wages and feel that wages should fall. Then, during recovery, as the figures prove, they seem to forget that wages should also be flexible and should rise. They delay wage increases until the last possible moment and then, at the peak of a boom, grant wage increases that are small when measured against current profits of industry.

Q Take that last sentence slower.

THE PRESIDENT: They delay wage increases until the last possible moment and then, at the peak of a boom, grant wage increases that are small in comparison with their profits, but which, at the same time, are difficult to maintain when their volume falls off. The automobile industry is the prize example of that.

Q Mr. President, then, in the case of the automobile industry, do you say that if they increase production to full capacity and prices were reduced, there would be a material increase in sales?

THE PRESIDENT: No, no. There is such a thing as increasing production to the point where the country cannot swallow it -- get

indigestion. If the wage increases were not so long delayed but were made as business improved, managers of business would have a longer period of activity in which to adjust themselves to changes. It means, if the AP would give you a few small raises, twice a year, it would be better for the AP than if they gave you a 50% raise all in one lump sum.

Q (Mr. Storm) I will take mine either way, Mr. President. (Laughter)

Q On that subject, have you any thought of the sliding wage scale in connection with variations in prices?

THE PRESIDENT: No.

The next question I asked myself --

Q (interposing) On that question, Mr. President, what do you think of a system of profit sharing in that connection?

THE PRESIDENT: Well, of course that is being introduced in a good many industries, I think very successfully, taking it by and large.

The next question is, "How about coal price fixing?" Well, there you get your specific industry question. The prices of bituminous coal are not high; that is, the price at the mine. I am talking about the price at the mine, not the prices you have to pay in your own houses. Cutthroat competition at the mines has always dominated this particular industry and has made it impossible for the industry to pay decent wages and give a profit. Of course we all know that. The purpose of the Guffey Act is to help establish the bituminous coal industry on a sound basis. That means that prices must not be set so high as to transfer business from efficient coal mines to

other types of fuel -- competitive types of fuel -- nor to give monopoly profits to coal producers.

Then Mark's (Mr. Sullivan's) little red hen asks about the new farm bill. The farm prices are glaring examples of prices that are now too low. The farm bill is intended to prevent extreme declines in farm prices and to maintain income of farmers in years of excessive yields caused by nature. At the same time, by carrying over excessive supplies from years of large crops to years of lean crops, the bill is intended to prevent such rapid rises in farm prices due to short crops as occurred in the winter of 1936-1937, and which added to speculation at that time. Of course we know that when a commodity starts going up it seems to be human nature that the faster it goes up the faster the speculative element enters the picture and tends to speed up the rise and drive it too high.

The effect of this agricultural, industrial and monetary policy on foreign trade ought to be good in that foreign trade always improves when business activity improves. That is a fact that we seem to have discovered nowadays. Any measure that helps to bring about recovery in the United States also helps in world recovery and serves to increase both purchases from foreign countries, in other words, imports, and sales to foreign countries, in other words, exports.

Q How about sugar prices?

THE PRESIDENT: Somebody wanted to know about sugar prices. That, of course, is a different subject and falls into a different category because the sugar act of 1937 established the sugar policy

definitely and there is no reason to expect any change.

Well, I think that is all I have got here.

Q Mr. President, how about the expanded relief program?

THE PRESIDENT: Yes, that is $250,000,000.

Q Is that the expansion?

THE PRESIDENT: Yes.

Q No more than that?

THE PRESIDENT: No, we hope not.

Q Earlier in your statement you referred to the relation of the debt burden to the general behaviour of prices. I wondered if you considered the war debt or foreign debt burden?

THE PRESIDENT: No, exclusively the domestic debt.

Q Has the foreign debt question been considered in any other connection in the past twenty-four hours?

THE PRESIDENT: No, not any more than in the last forty-eight days or the last four hundred and eighty days.

Q You said that the Treasury Department and the Federal Reserve are going to adopt a policy designed to furnish freer credit. Can you be more specific on that?

THE PRESIDENT: Not policies, measures.

Q What measures?

THE PRESIDENT: Whatever measures are needed to carry out a policy. I did not say they were going to -- wait a minute until I get this: We expect to continue to maintain easy credit conditions and the policies of the Treasury and the Federal Reserve Board are definitely along that line.

Q Most of the things you said have related to stiffening up the

fluid prices. Have you said anything about methods to give fluidity or flexibility to the rigid prices?

THE PRESIDENT: Now you are asking about the industries that are more monopolistic. We hope so but are not ready to shoot on it and it is a big problem.

Q What about the excessive prices of the shipbuilders? It seems more or less to apply to both Merchant Marine and Naval.

THE PRESIDENT: We are very much concerned. I have been talking to Joe Kennedy for the last two weeks, ever since the bids came in. They are far and away above the cost of building ships during the war period when the materials that entered into ships were a great deal lower -- no, they were higher than they are today. Today they are lower but the price of the ship has gone up and, frankly, the whole problem of shipbuilding in this country is a headache under present conditions.

Q On that point, again, Mr. Kennedy went before the Committee on the labor provisions of the Merchant Marine Act and, I think --

THE PRESIDENT: (interposing) Not on that. I am going to talk to him about it in ten minutes, when he is sworn in.

Q He suggested, as an alternative, that they might build a few Merchant Marine ships in the Navy Yards. Is there any civil or legal inhibition against it?

THE PRESIDENT: The chief problem is that the Government Navy Yards are about as full of construction work as they ought to be.

Q If you are going to have a continuing program, is it possible to have Navy Yards --

THE PRESIDENT: (interposing) If the Government is going to build

them, there are three ways: One is to finance a new Yard, put in new equipment, new ways, supervise it and have the work done under what might be called private management. If you remember, during the war we built a good deal and bought a good deal on the fixed fee basis.

Q "Cost plus"?

THE PRESIDENT: No, not "cost plus" but "fixed fee," which is all the difference in the world.

Another method would be to build our own yards and build them ourselves. The third would be to put new equipment and new ways in Navy Yards and have the Navy build them. All of those are very, very slow methods of getting a Merchant Marine.

Q How about building them abroad?

THE PRESIDENT: That is one of the suggestions made by Mr. Kennedy and the interesting thing is that almost every Congressman and Senator says, "That is the practical way of doing it but I could not vote for it." (Laughter)

Q How do you explain why they are able to build them cheaper in foreign ports?

THE PRESIDENT: I don't know. I don't think anybody knows.

Q Was your remark on war debts meant to imply that the subject was mentioned?

THE PRESIDENT: Oh, no. It was mentioned but it is mentioned about once a week and we don't seem to be any further than we were two years ago.

Q There was a story published this morning that one of the Latin American countries has or is about to present a proposal for a

military and naval alliance of all the Americas to guard against aggression by Europe or Asia?

THE PRESIDENT: Yes, I read the story and I never heard of it until I read the story. You will have to ask the Secretary of State. Maybe he has heard something about it. I doubt it.

Q Would such alliance, if it came up, be contrary to our policy?

THE PRESIDENT: That is a very "iffy" question.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #436,
In the President's Study at Hyde Park,
February 22, 1938, 2.05 P.M.

(Ambassador Kennedy was present.)

THE PRESIDENT: Well, I haven't got a thing that you don't know about.

Q Anything you can tell us about the European developments?

THE PRESIDENT: Nothing that the Secretary of State has not talked about.

Q Can you tell us anything off the record, Mr. President?

THE PRESIDENT: No.

Q Has there been any development on the Japanese penetration into Mexico?

THE PRESIDENT: I have not heard a word about that, only what I read in the papers. I haven't heard a thing.

Q I had a query on the Hungarian debt settlement. I do not know what it is about. I have not seen anything in the papers about it.

THE PRESIDENT: I think something is coming out in Washington. You will have to check there. I do not know.

MR. McINTYRE: I think the State Department has some data on that.

THE PRESIDENT: I do not think so. I think it is the Hungarian Minister.

Q That is coming out?

THE PRESIDENT: I think so but do not say I said so. Just tap down. It may be there is something down there; I do not know.

Q They gave out something the other day, that they had made a proposition.

Q I believe they did.

THE PRESIDENT: Don't any of us know anything about it so that we can discuss it intelligently?

Q Do these developments abroad change our foreign policy in any way?

THE PRESIDENT: Same answer I just made. That wasn't even subtle, George (Mr. Durno).

Q (Mr. Durno) I did not mean it to be.

THE PRESIDENT: I have not got a thing on it, George.

Q The Court of St. James here is saying good-bye for the third time now.

AMBASSADOR KENNEDY: The second time. (Laughter)

Q Is there anything you can tell us concerning his visit?

THE PRESIDENT: Just that I hope he won't have a rough trip.

AMBASSADOR KENNEDY: That is all inclusive. (Laughter)

THE PRESIDENT: Joe, I think that is a good line.

Q Very good.

AMBASSADOR KENNEDY: I can go up and down a lot.

Q Hull talked yesterday about continental solidarity in the whole Western Hemisphere to keep off political ideals repugnant to our institutions. Will you explain that?

THE PRESIDENT: I haven't got that. Nothing came through from the State Department about what he said so I cannot comment on it.

Q Anything to be said on the business situation?

THE PRESIDENT: No.

Q Do you still contemplate a monopoly message this session?

THE PRESIDENT: I think we talked about that last time. There will be something in time. I have not got any date yet.

Are you sticking pretty close to the Nelson House?

Q Very close, sir.

Q To the bar. (Laughter)

THE PRESIDENT: We are getting out all over the place. There isn't too much snow and we are going all kinds of places, through the woods' roads.

Q When are we going back?

THE PRESIDENT: Tomorrow afternoon, I think about three o'clock.

Q Anything on the railroad conference yet?

THE PRESIDENT: No. I am sorry you got out on a limb on that. There isn't any conference planned this week.

Q I thought you were saying, "No comment" to all questions here today.

THE PRESIDENT: This is only a comment on the things that have been written.

Q George (Mr. Durno) has a page of ditto marks there. (Laughter)

THE PRESIDENT: I do not know when that (meaning the railroad conference) will be held. I have no idea; no date has been set. It will be held, as far as that goes.

Q They are waiting until they hand down that decision.

Q Did you talk to Secretary Hull this morning, Mr. President?

THE PRESIDENT: No.

Q Has anybody interceded with you as yet on behalf of Lieutenant Colonel Johnson, who flew Commissioner McNutt from California to Denver?

THE PRESIDENT: No; that is purely an Army matter.

Q How about the Townsend pardon appeals? Have you been getting many of those?

THE PRESIDENT: Have we, Mac?

MR. McINTYRE: No, sir; we have a story yesterday from Washington that Wheeler had asked.

Q How about Representative Jerry O'Connell?

MR. McINTYRE: I have not seen anything on it.

THE PRESIDENT: I do not think it has come to us.

Q Mr. President, have you had a chance to check into the progress of the Poughkeepsie Post Office project while you have been up on this visit?

THE PRESIDENT: They tell me the walls are pretty well up. How do they look?

Q Pretty nice.

THE PRESIDENT: On the way to the train I will stop by and look at it.

Q What time, about?

THE PRESIDENT: About a quarter of three. Is it covered with scaffolding?

Q I guess that is all down. They have to put the slate on the roof. They have the planking all over to put the slate on the roof.

THE PRESIDENT: What does it look like, pretty good proportions?

Q Yes, very nice.

THE PRESIDENT: I will stop on the way down to the train. Is it covered over so that you cannot see the walls?

Q You can see practically all the dominating features. You will see as much now as you will after a while except for the landscaping and of course the windows aren't in.

THE PRESIDENT: Have they been working all through the winter?

Q Oh, yes.

THE PRESIDENT: They had a wonderful winter for it.

Q Yes, though I understand that the last time they poured concrete was the last time you left and they poured concrete when you came back. (Laughter)

THE PRESIDENT: They cannot pour it when the temperature is 40 or something like that.

Q It looks like Lake Crescent out of the window. (Laughter)

THE PRESIDENT: That is a good idea. I will tell them what we can do. If they do not like the Nelson House, we can set them up in one wing of the Post Office.

MR. McINTYRE: There are pretty good quarters over the garage, too.

THE PRESIDENT: And a few leaky pipes will help, too.

MR. McINTYRE: They are all there, sir. (Laughter)

THE PRESIDENT: And lights out at 11.00 P.M.

Q And you can't close the front door. (Laughter)

Q Any callers tomorrow?

THE PRESIDENT: No. I have only had one caller the whole time I have been here and he is right behind you. (Referring to Ambassador Kennedy)

Q In sending up the Farm Bill you mentioned the need of additional revenues to finance its operation. Is there anything to be said at this time in the way of processing taxes?

THE PRESIDENT: Only what I said. If they expect to work towards parity, there has to be more money.

Q That will take two millions additional, won't it?

THE PRESIDENT: I don't know what there is.

Q It won't take very much time to write this conference. (Laughter)

THE PRESIDENT: I wish I had some news for you.

MR. TROHAN: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #437
Executive Offices of the White House,

February 25, 1938 - 10.40 A.M.

THE PRESIDENT: I was just remarking to the front row that I hope we are going to have a quiet week-end. There is no news today and I hope there won't be any tomorrow or the next day.

Q Mr. President, why did you ask your Price Study Committee to continue its study?

THE PRESIDENT: Because I wanted more information.

Q There is a study, I think, connected with the cost of a possible five-day week which I understand is in Danhy Bell's office. Is there anything you want to say about that?

THE PRESIDENT: I haven't heard about it.

Q It isn't here yet?

THE PRESIDENT: No, it hasn't come here yet.

Q Did High Commissioner McNutt recommend any broad re-consideration of the independence question in the Philippines?

THE PRESIDENT: It hasn't been discussed yet.

Q Can you tell us what you talked about for ninety minutes yesterday with the Pennsylvania delegation?

THE PRESIDENT: I think they told you.

Q But they didn't cover ninety minutes. (Laughter)

Q Would you care to discuss the Hungarian debt proposal?

THE PRESIDENT: No; there isn't any news on it except what you got.

Q Will you tell us what Mr. McNutt reported on the war in China?

THE PRESIDENT: Well, we just began to discuss that yesterday; haven't finished.

Q Mr. President, did Mr. McNutt inform you about his flight in an army plane from San Francisco to Denver?

THE PRESIDENT: No, it was not mentioned.

Q Were politics mentioned?

THE PRESIDENT: No.

Q Will the Hungarian debt proposal be sent to Congress?

THE PRESIDENT: There isn't any news on it.

Q What would be the procedure?

THE PRESIDENT: There isn't any news on it.

Q Mr. President, that Hungarian proposal to the average layman, in which category I include myself, seems very rational and ssible. In view of that, can you tell us why no progress was made at the time it was discussed at the White House with you?

THE PRESIDENT: Well, I am very glad to have your opinion.

Q Mr. President, is there anything in connection with

the Unemployment Census figures? Mr. Biggers recently suggested, to a Senate Committee I believe, that it would be a good idea to have a Committee appointed to go into this entire question, the committee to include representatives of labor, industry, agriculture, and perhaps Congress, and make a report to you. It was a very interesting sort of proposition.

Have you any comment to make on that?

THE PRESIDENT: We didn't talk about that phase of it yesterday. I am trying to find something on my desk.

I think probably Mr. Biggers told you that he is expecting to give out each day from now on for about a month -- possibly every three or four days over a month -- the figures from the separate states which have not yet been given out. I think yesterday's announcement was a certain phase of a check-up on 16 states and from now on, every day, you will get a story about an individual state. That is for the better giving of information about the whole project so that it can be run for local information as well as the total of the national figure.

I was talking with Commissioner Lubin, Commissioner of Labor Statistics. He pointed out -- he said, "I know of no instance, either in the United States or

any foreign country where the results of so large a registration became available in so short a period of time. It would seem to be an example of what can be done in the field of tabulating a mass of figures and facts, and for that reason it seems that this census was well worth while and has given us a method of getting quick results at comparatively low cost that may be followed in the future."

That does not mean that we are going to give up the decennial census, of course.

Q For what purpose would those figures be used? I notice there is a breakdown for ages, et cetera.

THE PRESIDENT: That is something we all wanted to know about.

Q For what purpose can it be used? For relief?

THE PRESIDENT: For the relief program and for the general program of the Government. For instance, we have to recognize that there is a great deal of group pressure. The national youth movement thinks the principal problem of unemployment relates to boys and girls under 24 or 25. There is another group that is equally insistent that the problem of unemployment relates to men and women out of a job who are over forty-five. This gives us something to go

on. It willbe valuable to both of those groups.

Q Any suggestion of implementing it by legislation?

THE PRESIDENT: No.

Q Can you tellus about your conference with Mr. Cyrus Eaton yesterday?

THE PRESIDENT: We talked about a lot of matters relating to business -- problems of business, problems of the railroads, problems of steel.

Q Did you discuss his ideas for decentralization?

THE PRESIDENT: In general, yes. That was part of the discussion.

Q Mr. President, have you any new thoughts on the Far Eastern situation or the Philippine question as a result of whatever conversation you did have with Commissioner McNutt?

THE PRESIDENT: No, we had only begun to scratch the surface. The Governor is coming in tomorrow.

Q Has it been brought to your attention of late that the Army and Navy have been studying the vulnerability of battleships under so-called aircraft fire?

THE PRESIDENT: Oh, yes.

Q Would you care to comment on it?

THE PRESIDENT: No, except to tell you a story which is historical. When I was a small boy somebody invented

-- this was back about 1885 -- invented a torpedo boat and nations began to build very, very fast little boats -- torpedo boats. If you want to see one, there is one that runs today between Indian Head and Washington. It was built back in that year. She is about 100 feet long and, for those days, was very fast. I think she could do 24 or 25 miles an hour. There was a school of thought at that time that said, "The battleship is finished; the torpedo boats will wipe every battleship off the ocean." The next thing that happened is what happens in time of war. You find an antidote. The torpedo boat destroyer came along. It was built to keep off torpedo boats and protect the battleship, which it did. Yet the torpedo boat was regarded by a great many people at the time as the one thing that was going to change the course of warfare.

Then came the submarine and the exponents of the submarine said that that would put every battleship and every surface ship out of commission. You remember that. When we got in the World War, the submarine for the first three years had a very distinct edge over surface ships but, as the war went on, anti-

dotes for the submarine were developed and before the war was over the balance between offense and defense was restored. You can go even further back, at the time/the Civil War. The Monitor was supposed to put every other type of ship out of business. The Monitor defeated the Merrimac type of ship and lots of navies all over the world began building monitors. The only trouble was that it couldn't go to sea when it blew. And so you can go through the whole history of warfare; always when a new weapon is invented an antidote immediately appears.

The same thing is true of aircraft today. They are a component part -- both on land and sea, but there are antidotes to the offensive airplane. The antidotes are the anti-aircraft guns and the defensive airplanes.

The whole thing balances and if you read and study the history of war through the ages you will find that no one weapon has ever become supreme.

Q Is it your opinion that since the War nothing has happened to decrease the efficiency of the battleship?

THE PRESIDENT: To decrease it?

Q Yes, sir.

THE PRESIDENT: That is a pretty general question. Some

things have happened to decrease its efficiency and other things have happened to increase its efficiency.

Q There has been considerable comment in the House Naval Affairs Committee about the difficulty of getting a whole picture of national defense. What is your position toward a single department of defense, with air, land and water coordinated?

THE PRESIDENT: At one time, a great many years ago, I was in favor of it but gave it up because I think the present system of working pretty well. Before the World War broke out there was a suggestion, back in 1913, 1914 or 1915, for a unified department of defense. There are some reasons for it today, unified purchasing and things of that kind, but the point is that during the World War the Army and the Navy and the Marine Corps worked wonderfully well together. The system works and that is the best answer to it.

Q One more question on this battleship versus the aircraft. It has been stated in Congress that there has been a series of Army and Navy tests -- that they have had Army and Navy maneuvers. May we assume that you have seen the results of these tests and that you are satisfied, as a result of what you have seen, that

the battleship is still thebackbone of the fleet?

THE PRESIDENT: I began seeing those tests in 1913 and have been seeing them ever since. You are aware of my recommendations in regard to the Navy and that is my answer.

Q Do you know anything about the Barlow aerial bomb -- aerial mine?

THE PRESIDENT: No.

Q Have you any comments on Mr. Ordway's position -- his opposition to the one-man administrator plan in Civil Service?

THE PRESIDENT: No. I have a lot of papers I haven't read yet. I am going to over the weekend.

Q Mr. President, as Commander-in-Chief of the Army and Navy, hav e you seen any signs of friction between the Army and the Navy as charged in Congressional circles?

THE PRESIDENT: The two Services are working better, hand in hand, today than at any previous time.

Q There are charges on the Hill that the Navy finds it easy to get funds but the Army has a difficult time getting any money. (Laughter)

Q There is something nearer home I would like to ask about. You are interested in that memorial road to Gettysburg.

You talked about it a while back when Arno Camalier [Cammerer] was here. I understand there has been some movement on that in the way of a report. Do you know anything about it?

THE PRESIDENT: I haven't heard anything, not for a month. I don't know. I wish you would check up on that. I am very much interested in it.

Q A couple of weeks ago you said you were looking into the question of super-highways to determine whether they would return the money put into them to the Treasury?

THE PRESIDENT: We are still working on it quite hard.

Q Have you received Secretary Roper's report on little business?

THE PRESIDENT: Not yet.

Q Mr. President, is there any news as yet on the railroad conference?

THE PRESIDENT: No, not yet.

Q Mr. President, can you tell us when you expect to allocate funds for slum clearance?

THE PRESIDENT: For where?

Q Under the Wagner-Steagall Act?

THE PRESIDENT: I think Straus will be ready very soon to bring in the first allocation. He hasn't brought it yet.

Q Have you any intentions of furthering the work on the Pan American Highway by new appropriations?

THE PRESIDENT: There have been various recommendations on that but no final agreement on it.

Q Mr. President, is there anything new on the cost of building merchant ships?

THE PRESIDENT: No. WasJoe Kennedy's letter to me made public?

MR. McINTYRE: Yes, sir.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #438,
Executive Offices of the White House,
March 1, 1938, 4.10 P.M.

Q (Miss Craig) Mr. President, ask him if he has specially good seats for the White House Correspondents' Dinner.

THE PRESIDENT: You want to come?

Q We would be charmed.

Q They (referring to the ladies) would have to be asked.

Q Do you know the real reason why we are not invited?

THE PRESIDENT: What is yours?

Q If we went they would have to take their wives.

THE PRESIDENT: Yes, there is something to that.

Q That is the real reason.

Q It is a good one.

MR. DONALDSON: All in.

THE PRESIDENT: I am requested to pass along a complaint -- not mine -- but I have had, Oh, I suppose fifteen or twenty letters in the past three or four weeks from manufacturers and employees, all along the same line, that they never read in the newspapers about cases that have been settled by the National Labor Relations Board. All they read is about the cases that are not settled, and that either the papers do not print any news about the cases that are settled, or they put them on the umpty umpth page.

- I am simply passing that on. I am not interested. It is for the benefit of the Press.

I dug up the January report just in case you do want to

try to get it or make up your mind to put it somewhere.

During January there were 116 strike situations before the National Labor Relations Board, involving 9526 workers.

Q How many?

THE PRESIDENT: 9526 workers. During that month 103, covering 8030 workers, were settled by agreements in conformity with the National Labor Relations Act. Of the other 13 strike cases -- 13 out of 116 -- two were settled by State Labor Relations Boards, one was settled direct by an agreement between the company and the union, three were dismissed, two were withdrawn and five cases remained pending at the end of the month.

Next, there were 393 cases -- not strike cases -- involving 42,000 workers, where agreements were reached and the records closed.

Q What period was that?

THE PRESIDENT: One month.

Q The same month of January?

THE PRESIDENT: The same month of January.

There were 28 other cases, involving 10,000 workers, that were settled and closed by what they call "certification." There were 139 other cases, involving 17,000 workers, that were dismissed by the Regional Directors. In other words, they were cases to which they thought there was no merit.

There were 282 still other cases, involving 70,000 workers, where the petitions or charges were withdrawn by the people making them.

As to the total of the case-load basis, there were pending

on the first day of the month 3,429 cases, and on the last day of the month 3,247 cases.

Those reports of the National Labor Relations Board are given out every month and, well, I think comment is superfluous.

Q In that connection, Mr. President, your Business Advisory Council submitted some recommendations a few weeks ago on what they called "equalizing" this Wagner Act. Do you agree with them or object to them?

THE PRESIDENT: Frankly, I am not familiar enough with them to comment.

Q Didn't you discuss them, sir, with some of the members of that board?

THE PRESIDENT: Yes, I think we did. We discussed so many things that I have forgotten what the particular recommendations were. I would have to look them up.

Q Some weeks ago, Mr. President, you had a group of automobile manufacturers to see you. I think that you explained to them, in a sensible way, with the request that they bring you recommendations. Have you received recommendations from them yet?

THE PRESIDENT: I have got two groups. I got one from the acceptance companies, the credit companies, and what they said they proposed to do from now on was, on the whole, a very great step in advance, as I thought. I so wrote to Senator Brown.

And the other letter was -- well, I will be quite frank. It sounded to me as if it had been drawn by a lawyer and not by the company heads, and I am still trying to analyze it to find out what it means.

Q Did it have to do, sir, with the used-car market?

THE PRESIDENT: Yes, there was one clause in the letter, about the only

specific one, in which they said they were going to have a used-car-week drive early in March, and please not say anything about it beforehand.

Q Mr. President, do you think the antimonopoly drive will achieve a breakdown into small operating companies?

THE PRESIDENT: Oh, my Lord, I do not know. That is too big a question.

Q Have you heard from the Department of Commerce on the small business men?

THE PRESIDENT: Yes, I got a long report on that.

Q Sorry, we did not hear back here.

THE PRESIDENT: It was on the small business report. I just got it yesterday. They have analyzed 1900 and they still have got 2,000 to analyze and it is quite long. The Secretary of Commerce says, in sending it over:

> "I am impressed, as I believe you will be, by the fact that these business men require more definite study of methods coordinating their views into national visions of the importance of conditions and also a more definite knowledge of operations and responsibilities of Government as related to them. It is an interesting thing that self help seems to be well nigh lacking from the analysis thus far made of their suggestions and to my mind a most important, yes vital, responsibility rests upon the Government and our educational facilities to more definitely impress the importance of this upon our business citizenship."

Q Can we have that?

THE PRESIDENT: You better get it from Dan (Secretary Roper).

Q Any comment to make on Mr. Baruch's statement before --

THE PRESIDENT: (interposing) I am sorry; I told Steve -- I suppose none of you will believe it -- but I have only read the headlines.

Q The House Naval Affairs Committee voted to build a dirigible the size of the Los Angeles. Do you think that the three million of the fifteen million requested for small craft --

THE PRESIDENT: (interposing) It means eliminating three million on small craft.

Q Yes. In the light of past experience, do you believe that Navy money can be used for that purpose?

THE PRESIDENT: Of course, if the Naval Affairs Committee wants to go in and build a dirigible, it is all right but it should not be taken from other funds.

Q You gave us an impression at the time of the last dirigible disaster that you were pretty nearly through with it. You thought that the Navy Department had spent enough money on the thing. That was two or three years ago.

THE PRESIDENT: That is right; at the time of the Macon. I suppose the easiest way to put it is this: The Navy Department felt that given X number of dollars, keeping it down as small as possible, we had rather not do it but if Congress wants to appropriate additional dollars, that is up to the judgment of the Congress.

Q Have you seen Secretary Perkins in regard to the maritime labor legislation?

THE PRESIDENT: No, I have not.

Q Representative Wearin, of Iowa, has suggested that the Administration is supporting him for the Senate in Iowa, yet Senator Gillette says that is not true. What are the facts?

THE PRESIDENT: The same old facts. Get Steve to turn on the record

for you. It is all right.

Q Can you tell us anything about your conference this afternoon with the Attorney General and Mr. Jackson and also Mr. Douglas of the S. E. C.?

THE PRESIDENT: Continuing study of antimonopoly, that is all.

Q Mr. President, there has been a large volume of complaint in Hawaii about the transfer to the Army of the WPA administration. I understand you saw some people today?

THE PRESIDENT: I did not see them except to have them come in and tell me that the whole thing was straightened out, the delegate from Hawaii and Aubrey Williams and somebody else.

Q When is your message on monopoly going up?

THE PRESIDENT: I don't know when. Do not assume it will be up this week or next.

Q Are you planning to see Baruch? He is here.

THE PRESIDENT: I do not know. Have I an appointment?

Q Senator Adams came out with $600,000,000. more of naval construction?

THE PRESIDENT: $600,000,000. now, and appropriation?

Q An authorization, authorizing an increase.

THE PRESIDENT: I don't know. I cannot comment on that.

Q The fact that other countries are building makes it advisable to have the $600,000,000. just recommended?

THE PRESIDENT: I don't know anything about it.

Q Can you tell us about your talk with Senator Glass on bank holding company legislation?

THE PRESIDENT: Did he tell you he was going to introduce the bill?

Q Yes.

THE PRESIDENT: That is all right; it is good. He told me the same thing and he gave me the synopsis of the bill. The Senator, I think, is going away for a little trip for his health and in the meantime it will be studied by the committee.

Q Is that bill satisfactory to you, Mr. President?

THE PRESIDENT: I have not read it yet.

Q They are seriously concerned over the shortage of phosphate in this country and it is said that an Executive Order may be pending in that regard.

THE PRESIDENT: I will tell you what probably will happen and I am working on it now: An informative message will be sent to Congress in regard to the general phosphate situation in the world. It is of tremendous interest but I won't break the story now because it would spoil it. It will be solely a message of information to the Congress, showing the relationship of phosphates to human civilization, to the food stuffs of the world. It is a tremendously important thing.

Q Will that deal at all with the operation of the big dams up in the Northwest?

THE PRESIDENT: No, it won't deal with anything specific or concrete about what we are going to do about it. It is going to take up the problem. It is a brand new thing. If everybody will read what I send up, they will be quite thrilled. It is something nobody has given serious thought to up to the present time.

Q Can we get the names of the manufacturers and labor people who brought to your attention the National Labor Relations Board

matter?

THE PRESIDENT: They were the ones in here that day. I will try to dig them out of the files, they are scattered all around.

Q Mr. President, can you give us at this time some syhopsis or idea of the report that Mr. McNutt made to you about the Far Eastern situation?

THE PRESIDENT: No, we did not discuss the Far Eastern situation, just the Philippine situation. We discussed the question of the trade agreement after 1946. Nothing new on it; two committees are working on it.

Q Has any time been set for the railroad conference?

THE PRESIDENT: Not yet.

Q Has any progress been made?

THE PRESIDENT: I do not know.

Q If I may revert to the Labor Relations Board again, there has been a great deal of complaint, probably informal complaint, that the Board is one-sided, prolabor, and that sort of thing. Would you care to say anything about that?

THE PRESIDENT: And of course at the same time there has been a lot of complaint just the other way.

Q Mr. President, are you satisfied with the legislation as it stands, or do you think there should be some changes made?

THE PRESIDENT: That is as if you were to ask me whether I think the Social Security Act should last in its present form for a hundred years. All of this legislation is evolutionary, just as it is in most countries that have undertaken similar legislation. I hope it will be improved each year or every year or two or

three years, as it may be necessary.

Q But, for the immediate present you have not anything specific in mind?

THE PRESIDENT: No.

Q When you speak of the present, you speak of the Labor Relations Board and Social Security?

THE PRESIDENT: Yes, and others.

Q It was testified in the House Naval Affairs Committee that if they had $3,000,000. to buy strategic war materials, they would only spend about a million. Are you considering the accumulation of these necessary war materials in connection with the British Treaty or war debts?

THE PRESIDENT: It is brand new to me. You had better ask the War Department. I did not even know we had spent a million.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #439
Executive Offices of the White House,
March 4, 1938, 11.30 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: At the Services this morning at St. John's Church they read the XVth Psalm. If I were writing a story today, I would use the XVth Psalm as a lead for the story. And if I were on the desk, I would carry the XVth Psalm at the top of the story. It would be something new. Steve will give you copies if you want them. (Laughter)

Q Any release date on that Psalm? (Laughter)

Q Mr. President, would you sign that story "by Franklin D. Roosevelt"? (Laughter)

THE PRESIDENT: Otherwise I don't know that there is anything in particular.

Q Mr. President, I suppose some of these gentlemen will ask you about the tax bill. I was talking to Bungardner (Clerk of House Ways & Means Committee) and he told me that something had been left out of that bill which was in the former bill and that is the publication of the salaries of corporation executives. That is not in the bill. Do you approve of that?

THE PRESIDENT: I did not know that until I read it in the paper yesterday morning and I am very, very sorry that that has been left out. I think it is a question of simple morality. I think I stated, once upon a time, that in addition to public office being a public trust, private office is also a public trust.

There are two types of corporation executives. One is the executive of a company that has a large number of public shareholders. Their stock is owned by thousands and tens of thousands of people. It is traded in and new people buy it from day to day. Theoretically, a stockholder has the right to go to a meeting of the corporation in some small town in Kentucky or in Wilmington, Delaware, and say, "How much did the President and the Vice President, etc., get last year by way of salary and bonus?" Practically, they do not. Practically, the purchaser of the stock of that company does not know and has no way of finding out, unless he goes to particular pains to find out, what the corporation's salaries are.

Again, private office is a public trust. Why should not the public know what the executives of these corporations get? Let us use some examples: Did the public know for years, until it was brought out in an investigation, what Mr. Grace of Bethlehem Steel was getting by way of salary and bonus? They did not, and there was a wave of public indignation that went over the country when it was discovered that one man was getting a million dollars a year.

Why should not the public know the salaries of the executives of General Motors Corporation? There is no reason why they should not know it. It is a private office with a public trust.

Take the other type of public corporation, the closely held, family-owned corporation. There it is a slightly different matter because it is owned by one man or one family. But we know of not just a few sporadic cases but of a great many cases where the

family-owned company has, on the public record, made at the end of the year no profit at all. That is, the published record, the books show no profit, barely in the black or perhaps even a loss. At the same time, it is perfectly possible for the owners, the members of the family, to be paying themselves the profits of the company by way of very large salaries. Actually, the company may be making a large profit which, because of the hidden character of the proceedings, is not known to the general public.

A corporation of that kind is able to say, "No, we cannot afford to improve the conditions of the people who work for us because we are not making any money. See our books." Actually the family may be drawing down the kind of salary that is so large that the public as a whole, the Government and competing companies, competing businesses have a right to know about it. That is another phase of it.

In other words, private office is a public trust. And there is absolutely no valid reason why, in my judgment, that clause, the present clause for publicity with respect to corporation executives' salaries, should be repealed. It is a question of morals, public morals.

Q Mr. President, you said there was no other way. The S.E.C. does have these figures. These are for the tax bill. Is there any reason for the duplication?

THE PRESIDENT: I don't care as long as the public knows all about it. How it is done is perfectly immaterial. As long as every newspaper in the United States, in pursuance of the policy of freedom of the press, has the right to publish them.

Q Mr. President, would you make any distinction between corporations whose stock is on the market and those that are not?

THE PRESIDENT: No.

Q Mr. President, are you in favor of publicity for the income tax returns?

THE PRESIDENT: We do not publish them at the present time. I do not particularly care, one way or the other.

Q It was reported that Bankhead and Rayburn gave you a report that there was little chance of a Wage and Hour Bill being enacted this session. Is that true?

THE PRESIDENT: It is not true.

Q Did they give you any idea?

THE PRESIDENT: No, we merely discussed the current situation as of last Monday, that is all.

Q Are there any notes being exchanged with Great Britain, of conversations going on, regarding the title to islands in the Pacific?

THE PRESIDENT: I don't know. You will have to ask the State Department.

Q Mr. President, what is your reaction to the McKellar amendment to the Independent Offices Appropriation Bill, which has been described as a piece of patronage pie, whereby experts, etc., of independent offices would have to be confirmed where their salaries are $5,000 a year or more?

THE PRESIDENT: I can best describe it by telling you what happened at a White House dinner. I won't mention any names but there were a number of Senators and Members of the House present. That subject came up after dinner and I said, "If the Senate

wants to confirm everybody, I suppose they have a right to under the Constitution, but why stop at $5,000? Why not $4,000, or $3,000, or $2,000, if you really want to do a good job? Why not require confirmation for all scrub women and messenger boys in the Government service?"

Q Isn't it possible that $5,000 jobs make better patronage plums, Mr. President?

THE PRESIDENT: Absolutely, absolutely. I am not in favor of confirming people except, when you come down to it, the policy-making officials of the Government. Those are the people who, strictly speaking, ought to be confirmed by the Senate.

Q Mr. President, do you contemplate that you will ask the present Congress to consider legislation affecting the Philippines as embodied in the pending report of the Joint Committee?

THE PRESIDENT: There is nothing on that now. You are away ahead of time.

Q Have you read Chairman Morgan's latest report on the TVA affair?

THE PRESIDENT: Yes. Steve has got a copy of a statement that was sent to me under date of January eighteenth this year from the Vice-Chairman, Dr. Harcourt Morgan and Mr. Lilienthal, and there is no particular reason why you should not have that. I have not got copies here, but they have copies at the TVA offices here in Washington and I told them that I saw no reason why you should not have them. So, if you will go around there, you can get it and when you have read it, you will know as much as I do.

Q Does that relate to the Berry incident?

THE PRESIDENT: That I don't know. It is all a question of conflicting policies.

Q Concerning the power aspects of TVA, did you ever see the letter that Mr. Ross wrote to his publisher-letter-writer friend in Knoxville, Mr. Neal, concerning the purchase of private utilities?

THE PRESIDENT: Not the letter itself. I do not know what is in it but there is no discrepancy there on policy.

Q Are you thinking of building merchant ships abroad, either in exchange for services --

THE PRESIDENT: You know what I said the other day. There is nothing new on that.

Q I don't remember what you said.

THE PRESIDENT: I said that the matter had been very well described by the Maritime Commission's report as to the four different steps that could be taken. I think that has been sent to Congress, and that is all the news there is at the present time.

Q The Japanese Foreign Minister, when requested in the Diet today, said that Japan was going to propose, if and when other nations were disposed to discuss naval limitations, that all capital ships and airplane carriers be abolished as weapons of offense. Have you any comment on that?

THE PRESIDENT: I don't think we have had anything from Japan on that; therefore it would not be proper to comment.

Q This being the anniversary season, perhaps you have an anniversary message of some sort for us?

THE PRESIDENT: That is pretty difficult. Of course it has so many ramifications.

I think possibly the significant thing is that, after five years, the old Ship of State is on the same course. It is a course which is aimed at the same things which I described, offhand, one day in a press conference when my friend from the Vancouver Star asked a question. You might get that out. It was not very long, about two paragraphs. We have the same objectives and the same ideals.

Along that line, I think again it is worth while to draw the distinction between objectives and policies towards those objectives as the broad subject on one side and what we call methods on the other side. I was talking yesterday, to illustrate, about the fiscal policy of the Government, which includes a great many things. It includes the problem of foreign exchange. It includes the problem of the price level. It includes the problem of public finance. A great many people are prone to mix methods with objectives. If you will remember a year ago, April, we were afraid that the objective of the Government towards the stabilization of the price level, or values, which is a better word, would be threatened by inflation, a boom, and therefore we put the helm of the ship hard a-starboard to prevent the ship, because of the fluctuation of the wind, from leaving her course. A year later, less than a year later, last autumn, the wind shifted and we were threatened with deflation. Therefore, we shifted the helm of the ship hard a-port, in order to keep the ship on the course. Well, that is illus-

trative of maintaining an objective and it is illustrative also of the fact that so many people, when you shift the helm in order to maintain the same course, call it a change in policy. Most of you good people are guilty of it, and a lot of other people are, too. You do not see the big thing. You see the thing of immediate moment.

This is not a complaint, because it is a perfectly natural, human thing to do. It makes a story. But on the general objective we have gone a long ways and of course we are going further.

One of the objectives is increased purchasing power for the people. I can illustrate that by a story I have told to a number of people. Some of my friends, who are in special lines of business, fine people, honest people, have come in to me and talked to me. They are people I have known by their first names for years, and I say to them, "By the way, what is your thought on the problem of the sharecropper and the tenant-farmer? I am sort of stumped by that but I think we ought to do something. What do you think we ought to do?" Well, I have tried that on a good many people and the invariable answer from these perfectly fine business men I have talked to has been this: "What do you mean, Mr. President? What do you mean by the sharecropper problem?"

Well, I have explained to them and repeated and said, "What do you think we ought to do?" The invariable answer has been, "I don't know anything about it. I have never thought of it." And then I have said to them, "We have fifteen or twenty million

Americans in this country who today have no purchasing power. There are fifteen or twenty million Americans falling into that category. They are farm tenants, sharecroppers. You fellows are making things, all kinds of things, automobiles, hardware, clothing, all the things that you see in a country store. Aren't you interested in giving those prospective, possible customers some purchasing power for the things you make?" And then they have said to me, "Why, Mr. President, I have never thought of that. I never thought of that."

Today people are beginning to think of that. And that is the most hopeful thing at the present time. The most hopeful thing at the present time is that we are getting people to think about the rounded problem of Government and of the people of the country instead of just thinking along their own special line of business.

In that way, also, I am encouraged to think that we will get away, more and more, from what we call the pressure groups in the country, small groups coming down here with great vociferation and very often putting through legislation which is beneficial only to one particular group.

Just to explain it a little bit further, on the question of the big objectives, we have accomplished an enormous amount. There are some things we have failed to accomplish. We think that through, for instance, a system of the control of crop surpluses we are going to hold up to a great extent the purchasing power of the, Oh, fifty million people who are directly or indirectly dependent on agricultural prices. Of course, that

is all to the good for the industrial side of things, not only the owners of industrial corporations but for the workers in industrial corporations. And it has only been lately that I have been able to get business men to say to me, "Why, sure we are in favor of that policy, that crop policy, Mr. President." And I have said to so many of them -- I think I told you this before -- "Will you come out and say that out loud?" And I think some of them will, as the days go by, say, "Yes, we are in favor of that sort of thing."

On the question of wages and hours, we are working still -- in fact, that was your question -- we are working still to try to put a floor under wages in the United States and a ceiling over hours. Well, maybe we won't get it at this session of the Congress -- I hope we will -- but it is one of those things which is related to national economy. People have different ideas about it. Some people say that the minimum wage phase of it is the most important. Other people say that the maximum hour part of it is the most important. But the general objective is just the same on wages and hours as it is with crops and as it is with finance. The whole thing is a rounded picture and, taking it by and large, we have gone a long ways on that.

And then the final phase is that we are not discontinuing our efforts to end -- Oh, I suppose the simplest term to be understood is "special privilege." We still believe that it is for the good of the country, the economic good of the country, the value of stocks and bonds and everything else to end special privilege, and there is still a great deal of

special privilege. The tax bill of two years ago was intended to end certain forms of special privilege. The bill of last year was intended to end other forms of special privilege, such as incorporating yachts and starting insurance companies in the Bahamas and, taking it by and large, the country sympathizes with the point of view of ending special privilege.

I do not know that there is anything more. These things occur to me out of my mind at the present moment. I have not prepared anything on this. We are going along toward the same objectives; we have gone a long ways on the road and we are going further.

Q Mr. President, I do not think we can quote the XVth Psalm but that first statement, that the old ship is still on the same course, that is something that we would like to quote.

THE PRESIDENT: You can use that.

Q Direct quote?

THE PRESIDENT: Yes.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL

Press Conference #440
Executive Offices of the White House,
March 8, 1938, 4.04 P.M.

THE PRESIDENT: Well, I get it on the ticker here that the I. C. C. has handed down its decision. I know nothing except what I read on the ticker. I suppose some time early next week I will have a railroad conference. You see, I am anticipating all your questions.

Q Mr. President, have any new names been added to those invited?

THE PRESIDENT: I don't think so.

Q Mr. President, is the Government going to colonize any more islands in addition to those already selected?

THE PRESIDENT: Ask the State Department. Do you want to be a Colonist?

(Laughter)

Q Have you asked the three TVA directors in for a conference next week?

THE PRESIDENT: No, not next week; this week, Friday morning.

Q All three?

THE PRESIDENT: All three.

Q At the same time?

THE PRESIDENT: Right after I see you, at 11.00 o'clock.

Q All three at the same time?

THE PRESIDENT: All three at the same time. If you want something for background, this goes back. It is a long, long story. There have been all of these disagreements and disputes for about a year and finally, last September, this disagreement between the majority

and the minority came to a head in this way: There was an article in the Atlantic Monthly, the September number, if you remember, that the majority of the Commission passed a resolution in regard to the article by the minority member, in effect asking that the allegations impugning the integrity of the majority should either be made good on or withdrawn. That was sent to me and I sent a letter to Dr. Arthur Morgan on the third of September. There is no use in cluttering up the record and giving you the whole letter, but I called his attention to the resolution disavowing such methods in the discussion of TVA problems as injurious to the project and the public interest, and then I go on and I said this to Dr. Arthur Morgan:

> "Naturally, I am concerned by this and do not think that the matter can properly rest where it is. May I suggest, therefore, that there is a very definite obligation on you either to withdraw what your colleagues believe to be an impugning of their integrity or that you present whatever specific facts you may have, if any, to justify your statements.
>
> "After all, no great constructive work can be carried out if those in charge of the administration of the work feel that their integrity and motives have been challenged by a fellow member. I know that you will agree with me in this."

Well, in reply to that letter I got no reply but Dr. Morgan came to see me about two weeks later on and I said, "It is a pretty serious thing to impugn the motives of your fellow members, their integrity." "Well," he said, "I did not mean it that way. I did not mean to impugn their motives. I have no question as to their personal integrity."

"Well," I said, "for Heaven's sake don't do it again. Go back and see if you cannot work in harmony with your two

fellow members."

Well, that is about all that happened in the fall, but evidently the thing was going on underneath and now it has come to a head in these statements to the public and to the press and on Friday all three members are going to appear before me and I am going to ask that the statements by all of them be justified, if they can justify them, but that I want facts and not opinions. I want nothing but facts.

To give you an illustration of the true inwardness of the situation, I got two telegrams today. One was from New Jersey. It says -- mind you, this is from a person who had absolutely no access to anything except the newspapers -- "Please, Mr. President, you must vindicate Dr. Arthur Morgan." The other one, from Illinois, said, "Please, you must vindicate the majority and not surrender to the power interests."

Now, of course, that kind of public opinion is worth nothing at all because it is not based on any facts. There isn't one of you that has any facts. I haven't either. Let us stick to the facts. That is why we are having this meeting on Friday.

Q What time is the meeting, Mr. President?

THE PRESIDENT: 11.00 o'clock.

Q If they cannot justify the statements they have been making, then what?

THE PRESIDENT: Now you are asking a question before the case has been heard by the court.

Q Do you expect any of them to remain in office?

THE PRESIDENT: That is asking the decision of the court before I have

any evidence.

There you are! Aren't those last two questions absolutely typical? Did you ever know anything to beat it? "What are you going to do before you get the testimony?"

Q How are we going to find out what did go on?

THE PRESIDENT: I am going to ask questions.

Q How will we find out?

THE PRESIDENT: I will tell you all about it.

Q When?

THE PRESIDENT: After we get through.

Q Do we have a press conference?

THE PRESIDENT: At half past ten. You will get it, don't worry. You will get the facts.

Q. Mr. President, do you know whether you have power under the TVA Act to call for the resignation or require the resignation of a member of the Commission?

THE PRESIDENT: I have not the faintest idea, not the faintest. In other words, I have not investigated that end. I haven't the faintest idea. I am interested in the facts regarding these allegations, which are of a general nature, both sides.

Q Is Senator Norris going to sit in with you? Has he been invited to sit in with you?

THE PRESIDENT: He has not.

Q Will you have anyone else there besides yourself and the three Commissioners?

THE PRESIDENT: I think Steve (Early) will be here so that he can give you a report on it.

Q There is a wide disparity between the Lea and the McCarran Aviation Bills. I wonder which you consider the Administration bill?

THE PRESIDENT: I cannot tell you because I have seen only one of them. I don't know. I have not seen the McCarran bill. Taking it by and large, Congressman's Lea's bill is in line with the desires of the large majority of the industry and is in line, substantially, with the recommendations of the Interdepartmental Committee. Whether the McCarran bill is the same or not I do not know because I have not seen it.

Q Would you care to amplify the assurance you gave Senator Green yesterday that New England's industries' fears with regard to the Treaty are baseless?

THE PRESIDENT: Well, I did not say that to them because I do not know what New England's fears are.

Q He said you had authorized him to say --

THE PRESIDENT: No, not that language. You haven't it right.

Q Will you state it for us?

THE PRESIDENT: New England need not fear that there will be anything in any trade agreement which will seriously cripple any New England industry.

I will give you a parallel case. Do you remember about the shoes? Do you remember what New England said before the Treaty about shoes? That every New England shoe factory would be closed by the Czechoslovakian Agreement?

Q The reports from Boston are that it will be very harmful.

THE PRESIDENT: I just got a copy of a Boston paper and it does not

bear out that statement. It says that the majority of the industries are satisfied. What paper do you represent?

Q The Boston Herald. (Laughter)

THE PRESIDENT: No wonder.

Q As I understand it, that affects 1¼% of the total number of shoes produced.

THE PRESIDENT: That is right. It depends on the paper you are writing for, largely.

Q Has the Glass Bank Holding Company Bill the support of the Administration?

THE PRESIDENT: I have not read it. Secretary Morgenthau is studying it and is going to talk to me probably in the course of the next couple of weeks. As we understand it, Senator Glass is going on a trip to the Mediterranean and he doesn't want anybody to take the thing up until he gets back. It will take several weeks.

Q Mr. President, complaints have come in from a good many places that the Comptroller of Currency is being quite technical in his examination of banks and in marking slow loans and that that is working in the opposite direction your Administration seems to be headed.

THE PRESIDENT: Have you asked the Comptroller of the Currency for his latest figures from the bank examiners and his percentage of slow loans at the present time?

Q As to the percentage? No, sir.

THE PRESIDENT: You had better ask him. That will answer your question.

Q Have you read Professor Arnold's book?

THE PRESIDENT: No.

Q In that book he ventures the opinion that the Government will create more and more agencies and will probably wind up by being one of the greatest credit organizations in the country. Have you any comment on that?

THE PRESIDENT: Very interesting. (Laughter)

Q Mr. President, have you any comment on the report of the Quetico-Superior Committee submitted to you last week?

THE PRESIDENT: I have, and I sent it over yesterday, I think, to the Secretary of State because -- isn't that a matter that involves cooperation with Canada?

Q It does.

THE PRESIDENT: That is right; it is over there now.

Q The New Jersey papers today are carrying a story that you asked for the resignation of William J. Kelly, Internal Revenue Collector.

THE PRESIDENT: I don't know. I have not. You had better ask the Treasury Department.

Q Have you heard from that five-day week study yet?

THE PRESIDENT: No.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #441
Executive Offices of the White House,
March 11, 1938, 10.42 A.M.

THE PRESIDENT: I don't think I have got anything at all. I saw the Committee on Human Needs and I am having a hearing (referring to TVA Conference) as soon as you people leave.

Q May I ask you then, Sir, if the stories are correct which seem to indicate that you have withdrawn or abandoned your support of the Reorganization Bill? In other words, they say that you would just as soon have Congress adjourn without enacting that bill. Is there anything you can tell us about that?

THE PRESIDENT: Well, I started in 1913 as a member of the Inter-departmental Committee and came to realize the need of reorganization of many of the executive branches of the Federal Government. That is what? -- that is twenty-five years ago. That is twenty-five years ago, yet it has been discussed ever since then, every year or two, every President, Democrat and Republican. Still it has not been done and I am still very much in favor of it, and I hope that we will get something this year. I hope it won't be another twenty-five years of continuation of the present system.

Q Can you explain why it is that some Senators, who say that there are too many Government bureaus, are afraid to abolish some?

THE PRESIDENT: That is one of the mysteries of Washington that has been here since before you and I were born.

Q Will your phosphate message be ready soon?

THE PRESIDENT: Pretty soon, I think.

Q Did you discuss the Whitney case with Chairman Douglas of the SEC?

THE PRESIDENT: No.

Q Have you any comment on it?

THE PRESIDENT: No.

Q Mr. President, when will your monopoly message go up?

THE PRESIDENT: Pete (Brandt), I do not know. I am working on three or four messages.

Q There will be a monopoly message?

THE PRESIDENT: Oh, yes.

Q When will the railroad conference be held?

THE PRESIDENT: I don't know. I told Mac (Mr. McIntyre) Monday or Tuesday.

Q I noticed in the original list the name of Senator Truman is included.

THE PRESIDENT: That is right.

Q. He will attend?

THE PRESIDENT: He will.

Q What is the nature of the other messages you are working on?

THE PRESIDENT: Well, I cannot tell you.

Q I would like to ask another question about the Reorganization Bill, if I may. You are charged with creating a dictatorship in this bill -- (laughter) -- I have never heard you discuss that.

THE PRESIDENT: Well, I don't think that it needs discussion with any of you people who have come into this room.

Q Mr. President, do you need the permission of Congress to become a dictator? (Laughter)

Q Mr. President, have you anything to say on the action up on the Hill on throwing out the tax on closely held corporations in the Tax Bill?

THE PRESIDENT: Oh, I think only this, which may be of interest to some newspapers: What we are seeking in tax laws is the ending of spècial privilege where it exists under existing tax laws. In other words, if Mr. A and Mr. B, both in the upper brackets -- both in the higher brackets -- make the same profits with their money, the same amount of dollars, ought not Mr. A and Mr. B, in the upper brackets, to pay the same amount in income taxes to the Government? When you try to get them to pay the same amount, if you find that at the present time they are not paying the same amount, ought that action to be called in the headlines and the leads "punitive"? That is the last word to use. It is a restoration of equality for two people making the same profits. I think that is enough.

Q Mr. President, if that is the purpose of the tax, why is it necessary to raise the tax on whisky? (Laughter)

THE PRESIDENT: The payment of that tax is really a voluntary procedure.

Q You are assuming that one is a partnership and the other is a --

THE PRESIDENT: I am not assuming anything. I am talking about two people whose money makes the same amount of profit in the course of the year. You can go into all kinds of different methods of taxation, the corporate form, the partnership form, the individual

business form but, in the last analysis, the one thing to think about is whether those two people making the same profits with their money, should not pay the same tax.

I may go into this further and cite some cases before I get through, but not today. I am too busy.

Q Is the conference following ours here, the one with the Tennessee Valley Authority directors, to be a Kilkenny cat affair or will it be gradually drawn out?

THE PRESIDENT: I hope it won't but I am no prophet.

Q When you said that this statement on taxes may be of some interest to some newspapers, do you possibly have in mind the publishers?

THE PRESIDENT: Well, don't press me. (Laughter)

Q Have you received some proposals from Great Britain for settlement of the so-called controversy over islands in the Pacific?

THE PRESIDENT: Not that I know of. I don't think anything has come in.

Q Can you tell us what the status of that situation is?

THE PRESIDENT: It is the same as it was a week ago except that I think one or two islands have been occupied by citizens of the United States since then. (Laughter)

Q Will you release a stenographic report of the TVA Conference?

THE PRESIDENT: Just as fast as we can get it out.

Q A stenographic report?

THE PRESIDENT: Yes.

Q Do you favor the increase in the whisky tax? (Laughter)

THE PRESIDENT: I have not considered it.

Q Mr. President, what steps do you propose to take if the House puts that section back into the law?

THE PRESIDENT: I am just talking principle, that is all.

Q Chairman Vinson of the Naval Affairs Committee is rather intimating that you might call a disarmament conference here.

THE PRESIDENT: I don't know.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #442,
Executive Offices of the White House,
March 15, 1938, 4.07 P.M.

THE PRESIDENT: That was a very good party we had (referring to the White House Correspondents' Dinner).

Q Yes, sir.

THE PRESIDENT: It was perfect. It was a good show, George.

MR. DONALDSON: All in.

THE PRESIDENT: Off the record -- off the record, I said -- and for the benefit of that very small but persistent minority who think that they are living under a dictator in the United States, I call the attention of that little minority to the Washington Times front page, "Newsmen held under Guns as Hitler talks to Austria." (Laughter)

Q That is the way to do it. (Laughter)

THE PRESIDENT: I am afraid my technique has not improved very much. I don't think I have any news.

Q Mr. President, so far as the United States is concerned, has Austria ceased to exist as an independent nation?

THE PRESIDENT: I have just been talking to the Secretary of State about it. Legally, if there is such a thing as international law, we have had from Austria no announcement through her Minister or otherwise that Austria has ceased to be an independent state. I believe that the Secretary of State has been so informed by the German Ambassador. Further comment unnecessary.

Q Mr. President, I had in mind your letter to the Secretary of the Treasury with respect to the Czechoslovakian Trade Treaty, in

which a distinction was drawn between Germany and Austria, as to what the future steps would be.

THE PRESIDENT: I signed it this morning and of course it included the word, "Austria."

Q It can be assumed then that this Government has no intention for the present of withdrawing its Ambassador and Diplomatic Staff from Austria.

THE PRESIDENT: Is that a statement? I think you had better not assume things. You had better talk to the Secretary of State on that.

MR. EARLY: There is no Ambassador there.

Q Minister?

MR. EARLY: No Minister there either.

Q Mr. President, do the events in Europe of last week make any difference in our defense situation?

THE PRESIDENT: None at all -- as recommended by me.

Q We were given to understand that your Railroad Conference this morning got only about half way down the track and is coming back in. Can you tell us how far they got?

THE PRESIDENT: Just about half way down the track. (Laughter) We are going the other half of the way when we come back on Thursday.

Q Chairman Splawn said that you read a statement to them at the beginning of the conference.

THE PRESIDENT: No, he read a statement to me. You have got it just turned around. (Laughter)

Q That wasn't the way I got it.

Q Governor Earle said that during his visit here you wished him good

luck in his Senatorial campaign. Can you add anything to that?

THE PRESIDENT: No. (Laughter)

Q Can you take anything away from it, Mr. President? (Laughter)

THE PRESIDENT: No. Just put on it the letters "s-t-e-t."

Q What does that mean? (Laughter)

Q He never worked on a copy desk. (Laughter)

Q Paul McNutt is also here with the Senator. Which one do you like the best? (Laughter)

Q Can you tell us, Mr. President, whether or not the address of Governor McNutt regarding a reexamination of the Philippine independence matter has been brought to your attention at all, or have you any point of view regarding it?

THE PRESIDENT: There is nothing I can say, Fred (Essary), on that. There have been a good many people, as you know, who have felt that there should be a reexamination. After being there for over a year -- I did not read more than the headlines -- I think that Governor McNutt said he thought there were a good many people in the same way who felt there should be a reexamination of it. That does not presage or suggest any immediate examination.

After all, the fact of independence under the existing law may not be completed until 1946. We may none of us be alive at that time. We have plenty of time. It is a perfectly legitimate thing to do, to express the opinion that between now and 1946 there may be a reexamination. I don't think there is any particular news in that statement. Some people think they should, and other people haven't thought of it.

Q Mr. Quezon responded rather quickly to the idea, according to this afternoon's dispatches. He thought, himself, that it would be a desirable thing to reexamine the situation.

THE PRESIDENT: That is about all there is to the story.

Q In opening the Railroad Conference, did you state the scope?

THE PRESIDENT: I said the scope was just as wide as the world. I was perfectly willing to discuss all phases of the railroad problem. Of course there are a great many of them. Oh, I suppose -- as Claude (Mahoney) said, we discussed about half of them this morning. Just as a suggestion, if I were writing the story, I think all that can be said is that we did touch on two or three phases of the problem on which possibly quick action could be got as, for example, the desirability of the continuation of railroad stock holding companies. There seems to be a pretty general agreement that they were not very much in the public interest. We all know some of the troubles that have been caused by them in the past. There were one or two other things, on which action probably could be taken fairly quickly, on which there was substantial agreement, but those matters do not really go to the root of the railroad problem and, as several of the speakers this morning pointed out, it is not merely a railroad problem. It is a transportation problem from the physical operating point of view and, in addition to that, it is a financial problem on which there are a great many schools of thought. On the more basic phases of the railroad problem, it is a question whether it will be possible to get action at this session; on that, I do not know. Or, if we do want recom-

mendations fairly quickly, it is a question as to how we should arrive at the recommendations. That is a thing we will probably discuss Thursday as to the next step to be taken. We haven't got anywhere on it up to the present time.

Q Is it also a labor problem?

THE PRESIDENT: I regard that as one of the resulting phases.

Q Have you discussed reorganization?

THE PRESIDENT: Yes, that is tied up with the problem of ultimate financing of the railroads. It is not an immediate, but ultimate.

When I said the labor problem is one of the minor things, I should also tell you that we were in agreement this morning that if the Government, for example, brought about consolidations by encouraging or legislating, it would mean laying off people by action of the Government and the Government could not then take the position that those people would be merely laid off without any provision for them except the possibility of the relief rolls. Obviously, the Government has to do something where it forces, by its action, people to lose their jobs.

Q Isn't the way usually discussed that they will not fill vacancies? Isn't that the usual way? Is that what you have been talking about?

THE PRESIDENT: That is one of the ways out but probably not the complete answer.

Q In other words, you are thinking of much broader --

THE PRESIDENT: (interposing) Well, just take this as an example: Suppose, through death and disability and old age, only 3%, or

something like that, of the employees would retire at the end of each year. Well, the Government might want to put through consolidations at a faster pace than that.

Q You would take care of them in some way?

THE PRESIDENT: Yes.

Q In what way could you take care of them?

THE PRESIDENT: There are all kinds of ways suggested. One of the ways that has been adopted, of course, was that agreement of last year.

Q What agreement was that?

THE PRESIDENT: That was the agreement to take care of people laid off.

Q The dismissal wage?

THE PRESIDENT: Yes. It was a combination, as I remember it, of dismissal wage -- there was an option in it -- a dismissal wage or annuity pay.

Q On the idea that the railroads are only one subdivision of the transportation problem, does that lead to the ultimate conclusion that transportation by rail, car and water and interstate trucking will ultimately be brought together under one unit or head?

THE PRESIDENT: You are becoming a little too factual at the present time because we haven't got to that. Let me read you one table out of this book that was given to me by Chairman Splawn. It is rather interesting on the transportation problem as a whole, and as far as I know it has never been printed before:

Rail operations in transportation amount to 20% of all of

the transportation of the United States. They include in the definition of rail operations the steam railroads, the electric railways, including their bus operations, the parlor and sleeping car companies and the express companies. There is a total of 19.14 -- call it 20% of the whole.

Then, under the second heading, we have highway operations. They include highway motor trucks, common and contract carriers -- those are the regular business trucks, people in the business of trucking -- publicly owned motor trucks, privately owned motor trucks not for hire -- that is the company truck or the farmer's truck, highway motor buses, common and contract carriers, and school buses. The highway operations account for 75% of all transportation -- 75½%.

Q Is that on a mileage basis -- what basis?

THE PRESIDENT: That is on the basis of operating expenses, depreciation and taxes of all carriers.

Q Both public and private?

THE PRESIDENT: Yes.

That was 75½%. Then your third group is waterway operations. Those are the regular and common contract carriers with private terminals, the waterway operations of private carriers, which means the companies that own their own steamships or barges, the maintenance of waterways and operation of public terminals, etc. That totals 4½% of all transportation.

Then, which amazed me because I thought it would be a great deal bigger, all airway operations amount to one-fifth of 1% of all transportation in the United States. One-fifth of 1%.

And, finally, pipeline operations, fuel oil and gasoline

amount to six-tenths of 1%. That means that airway operations and the pipeline operations, put together, are only eight-tenths of 1%.

MR. EARLY: And no horse and buggy.

THE PRESIDENT: And, as Steve says, no horse and buggy included.

(Laughter)

Q Any separation between private and public on the highways?

THE PRESIDENT: Yes. Well, as I just said, on the highways, for instance, if you ship by truck through a common carrier from here to Chicago, a trucking company, that is a public company, but if you are in your own business and own your own trucks, those are private trucks and they are not common carriers.

Q Mr. President, Joe Kennedy said that the division for the air ought to be between domestic and foreign.

THE PRESIDENT: This is all domestic. Foreign commerce does not enter into this at all.

Q After you get through with these discussions do you plan a message to the Congress?

THE PRESIDENT: Oh, heavens, I haven't any more idea than you have, probably less.

Q Aside from protecting the jobs of people who may be affected by railroad consolidations later on, did the Committee make any recommendations with regard to the proposal for a wage cut now?

THE PRESIDENT: It was not mentioned.

Q Do you think you will be able to clear it up by Thursday?

THE PRESIDENT: I think we will probably get a next step by Thursday.

Q Will they report or --

THE PRESIDENT: (interposing) Yes, or report to the Congress.

Q Does your subdivision in Mr. Splawn's table of highway operations include private passenger automobiles?

THE PRESIDENT: Yes.

Q Is the TVA Conference still on for Friday?

THE PRESIDENT: Yes, at 11.00 o'clock.

Q In your speech in Gainesville, do you plan to discuss the business situation at all?

THE PRESIDENT: I haven't the faintest idea.

Q Have you chosen a man to fill the place left vacant by Mr. Hosford of the Coal Commission?

THE PRESIDENT: What about him?

Q He has resigned, we understand.

THE PRESIDENT: Yes, he has resigned to take effect -- I have asked him to stay until the thirtieth of April.

Q Have you chosen his successor?

THE PRESIDENT: No, heavens, no.

Q Do you plan any other action with respect to that Commission?

THE PRESIDENT: Not now.

Q Was your letter to Secretary Morgenthau signed before the German Ambassador called at the State Department this morning?

THE PRESIDENT: What letter to Secretary Morgenthau?

Q With respect to the Czechoslovakian trade agreement.

THE PRESIDENT. It was signed this morning. I don't know when the German Ambassador called.

Q Did you and Governor Earle discuss Pennsylvania politics this morning?

THE PRESIDENT: We did not. (Laughter)

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #443,
Executive Offices of the White House,
March 18, 1938, 10.52 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: I don't think I have any news.

Q Good. (Laughter)

Q Mr. President, are you considering a message to Congress on the Army?

THE PRESIDENT: Not that I know of. I read I was in the paper this morning. (Laughter)

Q There is a row on between various Federal employee associations in the District of Columbia -- the District of Columbia Medical Association. Do you know anything about that? Has it been brought to your attention?

THE PRESIDENT: Not enough to talk about without further study. I am always a little bit disturbed when things happen, like last year, I think it was the Bar Association of the District of Columbia opposed a Children's Court, or a Small Claims Court. In the same way, I think it is a pity for the Medical Association to oppose steps, which are successful in a great many places, looking toward better medical care. That is a matter of general principle. I don't know enough about this particular argument.

Q You don't regard that as socialization of medicine?

THE PRESIDENT: No.

Q That seems to be the principal complaint.

THE PRESIDENT: No, I do not regard that as socialization of medicine.

Q In view of Secretary Hull's plea for international cooperation against aggressors and in view of the fact that Italy and Germany are permitted to buy arms in the United States, do you intend to lift the embargo against Spain?

THE PRESIDENT: Not that I know of. You had better ask the State Department. I have not heard of it.

Q There is an embargo, is there not, against Spanish Loyalists?

THE PRESIDENT: Yes.

Q Are you considering withdrawing it?

THE PRESIDENT: I just answered that, not that I know of.

Q Any comment to make on the recommendation of the Board of Directors of the Railway Association that a reduction in wages be made?

THE PRESIDENT: I had not seen that. When was that done?

Q They decided that last Friday.

THE PRESIDENT: I have not seen it.

Q And all the members are meeting in Chicago today.

Q Mr. President, this may sound impertinent, but isn't it you that makes the embargo on arms? You construe them, do you not?

THE PRESIDENT: Yes.

Q Mr. President, on the subject of national defense, may I ask your judgment as to whether we would have had attacks upon our ship, after other aggressions that led us into the World War, had we then had a Navy and other national defense adequate enough to deter attacks?

THE PRESIDENT: I am afraid that is too hypothetical.

Q I avoided the word "if." (Laughter)

THE PRESIDENT: It is a little bit too much like saying, "If Abraham

Lincoln were alive in this particular Bituminous Coal Commission problem, what would he have done? (Laughter)

Q What do you think? (Laughter)

Q Will you tell us what your recent conversation was with Mr. Disney?

THE PRESIDENT: Oh, Wes Disney. I don't know. We talked about public works down in his district.

Q Anything about politics or the Senatorship?

THE PRESIDENT: You had better ask him.

Q I did. (Laughter) Would you tell us, please, if you contemplate going to Oklahoma this summer?

THE PRESIDENT: Not that I know of.

Q You did not tell Senator Thomas (of Oklahoma) that you might come down there?

THE PRESIDENT: I haven't made any plans for the summer.

Q You spoke of Abraham Lincoln and the Bituminous Coal Commission. Will you tell us what President Roosevelt has in mind?

THE PRESIDENT: Very simply, the only news you already know is that the chairman has tendered his resignation and I asked him whether he would stay until the end of April.

Q No other resignations?

THE PRESIDENT: No.

Q Do you feel that there is any concrete or tangible step which the United States can properly take at this time to aid in relieving the very serious situation in Europe?

THE PRESIDENT: Well, I would not do it at a Press Conference if I had one in mind.

Q Can you break down that 30% that Mr. Splawn talked about on

savings by railroads? He said 70% might come out of labor and 30% out of other things. What would that be, consolidation of terminals, or something like that?

THE PRESIDENT: I think his figures were based on certain physical consolidations.

Q There would be a saving there?

THE PRESIDENT: Yes.

Q Mr. President, if we may get back to the Coal Commission, has a successor to Chairman Hosford been determined upon yet?

THE PRESIDENT: No, and probably won't be until I get back from Warm Springs.

Q There has been some discussion as to whether that successor may be one not in the coal business?

THE PRESIDENT: I haven't given it consideration and probably won't until I get back.

Q Are you going to continue conferences tomorrow morning with the TVA directors today?

THE PRESIDENT: I don't know; I haven't the faintest idea.

Q What do you think of the proposal to write into the Navy Bill a limitation on our Naval frontier, beyond which the Navy shall not go except upon a peaceful mission?

THE PRESIDENT: I could talk two hours, but I have not said anything on it and I am not going to.

Q What was the reaction to Secretary Hull's address yesterday?

THE PRESIDENT: So far as I have heard, excellent, except from the lady members of the Press, who were excluded from the Press Club. (Laughter)

Q The reaction from this country or from abroad?

THE PRESIDENT: I have not heard anything from abroad.

Q Under all the circumstances, do you think that a railway labor reduction is advisable?

THE PRESIDENT: I have not given any consideration to it at all. I should say, offhand, no.

Q Mr. President, is the continuation of this TVA scheduled for this morning?

THE PRESIDENT: It is scheduled for three minutes from now.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #444,
Executive Offices of the White House,
March 22, 1938, 4.15 P.M.

Q Did Jesse Jones smooth out the Southern roadbed since last year?

THE PRESIDENT: Why?

Q Eddie Cantor says that it swerves to the south. (Laughter)

THE PRESIDENT: Swerves to the south is right. Russ, are you going with us?

Q (Mr. Young) No, sir; I am not. They want to save a little money.

THE PRESIDENT: I take it the president is not going with us?

Q No, sir; there has to be some president (referring to president of White House Correspondents' Association).

THE PRESIDENT: If you would go with us I would write one of your broadcasts.

Q (Mr. Godwin) Would you?

THE PRESIDENT: If you would agree to deliver it. (Laughter)

Q (Mr. Young) That is different.

Q You will have to give me an awfully good story to vindicate it.

MR. DONALDSON: All in.

THE PRESIDENT: When you go out, Mac (Mr. McIntyre) will give you mimeographed copies of a letter to Dr. (A. E.) Morgan, removing him as a member and Chairman of the Board of the Tennessee Valley Authority. I will read it to you now so if there are any questions, you may ask them now: (Reading)

"March 22, 1938

"Honorable Arthur E. Morgan,
Knoxville, Tennessee.

"Dear Dr. Morgan:

"As a result of the hearings had before me on March 11, 18, and 21, 1938, I regret to inform you that I feel obliged to remove, and do hereby remove, you as member and Chairman of the Board of the Tennessee Valley Authority. This removal is to become effective as and from March 23, 1938.

"As is more fully explained in the memorandum opinion which I read at the hearing on March 21, and by the record before me, I have been impelled to remove you for the following reasons:

"(a) Openly making grave and libelous charges of dishonesty and want of integrity against your fellow-directors without reasonable excuse or justification.

"(b) Obstructing the work of the Tennessee Valley Authority.

"(c) Refusing to submit to the demand of the Chief Executive for the facts upon which you relied in openly making grave and libelous charges of dishonesty and want of integrity against your fellow-directors and refusing to respond to questions of the Chief Executive relating to charges of obstruction made against you by your fellow-directors.

"I have taken note of the fact that you have not presented to me in person or in writing any reason why I should not remove you other than the statement recorded in the transcript of the proceedings before me on March 21, 1938.

"A duplicate of this letter is being filed with the Secretary of State.

"Yours respectfully,"

Mac (Mr. McIntyre) will give you a copy. Tomorrow the whole record goes to the Congress and a Message, which you will get, goes to the Congress with it.

Q Have you any comment other than the record itself?

THE PRESIDENT: Oh, yes.

Q There will be recommendations in the Message?

THE PRESIDENT: You will see the Message when you get it.

Q There has been considerable discussion as to your authority for re-

moving Dr. Morgan.

THE PRESIDENT: The message will also contain the opinion of the Attorney General, the principal law officer of the Government.

Q Before you go away will you make any appointments?

THE PRESIDENT: No. There is one other thing that I may do and that is to appoint Dr. Harcourt Morgan as Chairman.

Q Can you tell us about that phase of it? Does --

THE PRESIDENT: (interposing) What?

Q Does it mean that the Commission will remain a two-man body temporarily until Congress has had an investigation, or will there be an appointment made of a successor?

THE PRESIDENT: No news on that, none at all. I might add that I have had a large number of telegrams, pro and con, most of the telegrams con, asserting categorically that they have read in the newspapers -- I take it they are telling the truth, that they have read it in the same newspaper -- the statement that I was opposed to a Congressional investigation. Those statements in the newspapers are made out of whole cloth. They have been made mostly by special writers and columnists. From the very beginning they have been made out of whole cloth. That is sufficient comment. There has never been one word of truth in them.

Q Mr. President, charges are being made in Pennsylvania that one faction of the Democratic Party there is already using WPA for its own political purposes. Will you please give your attitude on the use of WPA for any political purpose?

THE PRESIDENT: It is not supposed to be used for any political purpose.

Q Will you take any measures to prevent this use?

THE PRESIDENT: If there is justification for any measures, yes.

Q Have you changed your attitude or found any solution to this inter-coastal shipping problem since your conference of Saturday?

THE PRESIDENT: Oh, I have been talking with the Maritime Commission on it and the chief problem is the obvious fact that these ships, these very big ships on the passenger service of the East Coast to the West Coast, do not pay. Whether it is the size of the ship or the character of the ship, we do not know. We are trying to find out. But they do run at a loss. Now, it is obvious that that brings up several questions: If they run at a loss ought the Government to subsidize that loss? Would not the railroads have a complaint? Ought not they to have a similar subsidy as against subsidized ships? If we do it for the West Coast trade, should not we do it for the New York-Galveston trade? In other words, if a passenger ship cannot run without a Government subsidy from New York to Galveston, should the Government pay a subsidy on that?

There is one other factor in the question of whether a ship can be run profitably or at a loss and that is what it costs to build the ship. Obviously, if you are running a ship that only costs you $150. per ton, it will cost you a great deal less on your capital charges to run that ship than if you were to run a ship which cost you $400. a ton, which is the amount of the bid that was recently put in by private contractors for the building of new ships.

If this is an emergency, as I told Senator McAdoo and the

other members of the Congressional committee, if this is a real emergency under which we have to take emergency action, something that has to be done right off next month or within two or three months, then of course there would be one way to handle it, as I think I remarked in a Press Conference two or three years ago,-- and I don't know, frankly, whether you can get a vote on that -- and that would be to buy ships outside of the United States at probably a far lower price than you can possibly build them for in the United States. That is a possible solution. That is a real solution.

Q There was some talk the other day that gave the impression that you had a concrete plan in mind for buying ships?

THE PRESIDENT: I think if we did have such authorization we could find the ships to buy, perfectly satisfactory ships.

Q They are possibly concerned about labor reaction on buying them abroad.

THE PRESIDENT: That is it; that is why I raised the question of whether they could vote for it.

Q Doesn't it require a special Act of Congress to employ ships purchased abroad in intercoastal trade?

THE PRESIDENT: Oh, my, yes. It does require legislation. We cannot buy ships abroad and put them in intercoastal trade, but it will take legislation anyway to take care of this particularly grave problem in which they find themselves.

Q You are still of the same opinion as you were last week?

THE PRESIDENT: Yes.

Q Have you had a chance to go over Captain Ingersoll's letter? That is, the Navy's attitude on these ships? I understand Captain

Ingersoll's letter was left with you the other day. Have you any comment on that angle?

THE PRESIDENT: The more good ships we have in the Merchant Marine, the more ships, the better it is for the Navy. That is all there is to that letter. The more the better.

Q I have an inquiry which directs me to ask you if you have anything to say about the anti-lynching bill which has not been heard of recently.

THE PRESIDENT: Well, I think, Earle (Godwin), I can say what I have said to a great many members of the Senate already and that is this: that if the Senate determines not to proceed with the anti-lynching bill, my own feeling is that the matter ought not to rest there. Therefore, what can be done? I think one of two things would help the problem. Both of them, either one of them, would be based on the obvious need of more current information for the public where the taking of human life results from mob violations of any kind, and I have already suggested that Congress could well adopt legislation either giving authority -- directing the Attorney General in the event of any mob violations to make an investigation through his office, through the Department of Justice, an immediate investigation in regard to the facts, and that that investigation should be promptly made public to the President, to the Congress and to the Press. And if that method is not satisfactory to the Congress, that, as a substitute for it, they should pass a concurrent resolution, or a joint resolution, setting up a Congressional, a standing Congressional committee, which would in the event of violations immediately make an investigation of the

facts and make that investigation public to the Congress and to the Department of Justice and the President and the public.

In other words, what we want is a full exposition of the facts in every case in every part of the Nation.

Q Would you include all types of violations, for instance those labor violations which occurred in Chicago last year?

THE PRESIDENT: Yes; in other words, the taking of human life.

Q Would that apply, sir, to cases in which only two or three men are involved on one side or the other?

THE PRESIDENT: It is much cheaper to investigate it in that case.

Q Did you reach any conclusion with Congressman McCormack this morning on flood control?

THE PRESIDENT: No; we made progress. There may be something by the time I get back.

Q Mr. President, if we may return for a moment to TVA, which is supposed to be cleared up. Chairman Morgan (A. E. Morgan) has said that while he has not employed counsel he has had free advice and that free advice says that you do not have power to fire him. It looks like an interesting fight. (Laughter) Can you comment on that?

THE PRESIDENT: Claude (Mahoney), if you will read the law. In this case it is not the Constitution. The law which sets up the office of Attorney General goes way, way back, I think to 1789 and if you will read that law you will see how the President makes determinations matters of law.

Q (Mr. Mahoney) I wasn't here then. (Laughter)

Q Have you received a report on bank holding companies?

THE PRESIDENT: No, not yet. I have had four or five reports on bank holding companies.

Q Are you leaving about eight o'clock?

THE PRESIDENT: Yes. There may be -- no, I almost said there is going to be a message from Warm Springs on bank holding companies but it won't be; it is another I have in mind.

Q How about the report on railroads?

THE PRESIDENT: It will come on Thursday and I will get it probably Friday afternoon and I will ask for several opinions on the report and I will probably be ready to do something by next week.

Q Do you plan to be back here on April third?

THE PRESIDENT: Yes, the morning of April third.

Q Will that report of the three I.C.C. Commissioners be given out?

THE PRESIDENT: Eventually, yes. Probably not on Thursday, but eventually. I should say probably by the end of next week.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #445,
On the road in front of Curtis Cottage,
Warm Springs Foundation, Georgia,
March 25, 1938, 11.00 A.M.

(The President was seated in his car.)

Q We non-advertising people have to refer to it (referring to the car) as a new V-8 of popular make. That is about the only way we could do it.

THE PRESIDENT: I think John O'Donnell called it a "cheap" car.

(Laughter)

Q (Mr. O'Donnell) I said, "low priced."

THE PRESIDENT: Well, what is the news?

Q That is what we are worried about.

THE PRESIDENT: So am I.

Q Did you get that railroad report? There is a story out of Washington that it has been sent to you.

THE PRESIDENT: Probably has.

Q Do you know that it is en route?

THE PRESIDENT: They said they were going to send it but how do I know whether it is en route?

Q There is nothing delaying it?

THE PRESIDENT: The last information I had was that it was being sent.

Q Mr. President, any chance of any of the Commissioners coming down to talk to you about it?

THE PRESIDENT: No.

Q With respect to the Secretary of State's invitation of yesterday to other powers on the plight of political refugees, from a practical point of view that means the Jews in Germany and Austria --

THE PRESIDENT: (interposing) It means a great many Christians, too, a very large number.

Q I wondered if any spokesmen of Catholic and Lutheran groups had also requested it?

THE PRESIDENT: I don't know, categorically, but I think so.

Q To give practical application to it, would not legislation be required in order to relax our immigration laws?

THE PRESIDENT: No. Why?

Q For example, there are 200,000 Jews --

THE PRESIDENT: (interposing) The law says that if a country ceases to exist and is merged in another country, that the two quotas are merged into one quota.

Q Then we have the total for both Germany and Austria together? It would run up to (pausing)

THE PRESIDENT: 26,000.

Q Would that number take care of those who would desire to leave?

THE PRESIDENT: I have no idea at all because nobody has ever listed the people that want to leave.

Q I was wondering if a further application of it would take in oppressed groups, such as in Spain, where there are oppressed religious groups under the Barcelona government. Then, in Russia, there are certainly groups. In Italy there are the anti-Fascists. This would embrace all of those?

THE PRESIDENT: In other words, it would go back to the old thing that started in 1789 when this country held itself out as a place for political refugees to come to. There was a similar situation in 1848 all over Europe, when they had all kinds of popular uprisings

against monarchies at that time. There were thousands and thousands of people at that time, or eventually, that came over here as political refugees. Of course the percentage in relation to the total population is almost negligible.

Q I was wondering if there is a separate category for those who are political refugees and those who come for ordinary economic reasons?

THE PRESIDENT: No distinction.

Q Is the United States doing, actually, any more now to provide a haven for the oppressed than would otherwise be the case?

THE PRESIDENT: Yes, for this reason: They are adopting the suggestion that private money be put up in all these nations to go along with this. That means practically most of the American republics and whatever European nations accept, and those private groups will make it possible for those people to come in.

Q But, from the standpoint of numbers, no more would now come in than --

THE PRESIDENT: (interposing) Yes; no change in the law.

Q Have they not exhausted their quotas?

THE PRESIDENT: In some cases they have and in other cases they have not.

Q (Mr. Mahoney) I have a couple of questions I would like to go through with. You understand that situation? (Laughter)

THE PRESIDENT: I would do almost anything to keep you here. (Laughter)

MR. McINTYRE: He is a very good influence, Mr. President.

THE PRESIDENT: I know he is.

Q We have got what are laughingly referred to as "newspapers" down here and they are still filing a lot of Civil War news. But we

are getting an awful lot of stuff about warships being designed for over 35,000 tons. Have you anything to say about that?

THE PRESIDENT: No, except that you are all still amateur strategists. That is a good line.

Q Will you wait until I write it down?

THE PRESIDENT: I will tell you what we might do: We might spend a pleasant day drawing battleship plans.

Q My good colleague, Lieutenant Commander Henderson --

Q (Mr. Henderson) I am promoted.

THE PRESIDENT: Yes. (Laughter)

Q Have you set Wednesday for your trip to Fort Benning?

MR. McINTYRE: The thirtieth, in the afternoon, tentatively.

Q This is the second question I wanted to ask, it is one of my double-barreled numbers: There was a quote this morning about financial assistance for business to come from the Government.

THE PRESIDENT: Yes?

Q Can you tell us anything about that? It would be very interesting.

THE PRESIDENT: Only this, that there has been in the -- you remember all those letters that went to the Commerce Department after the little businessmen's meeting? There have been a good many noted of those that have complained about the inability to get credit from banks or other sources. We are studying now to see what can be done to relieve that situation. We have not worked out a method yet. But it undoubtedly is one of the things that is being complained of an awful lot by small business.

Q Mr. President, there is a report that the R.F.C. and the S.F.C. and the Federal Reserve Board are working on a scheme of creating

credit banks that would loan money to business, and I think Hanes has made a couple of speeches that if banks do not do it the Government must find some means. Have they made any report?

THE PRESIDENT: No; it is just being studied.

Q What has been the reaction to your Gainesville speech, particularly in the South?

A.C.B. 10/3/55

THE PRESIDENT: Considering the fact that the only southerner I have [Irwin] seen here is Irving McDuffie, I cannot answer the question.

Q Is he for it?

THE PRESIDENT: Yes. (Laughter)

Q Can you tell us anything more about what you started to say at the last Press Conference about working on a bank holding company report and the Message?

THE PRESIDENT: That has not come down.

Q You expect the report?

THE PRESIDENT: Yes.

Q What is the most significant and interesting news from abroad that the Ambassador has told you?

THE PRESIDENT: (turning to Ambassador Bullitt who was seated beside him in the automobile) Shall I tell it, Jim? [Bill] ? (Laughter)

A.C.B. 9/30/55

He won't even let me tell you.

Q What have you and the Ambassador been talking about?

THE PRESIDENT: It is a question that should not be answered but the actual fact is that we have been talking about young men who go into the career service and, whether they are competent or not, stay there.

Q And what ought to be done about it?

THE PRESIDENT: You see, we have not got in the State Department -- in fact, in a great many or most Government agencies -- we have not got the same right as a businessman or the owner or editor of a paper would have to hire and fire.

Q I think it was just a year ago, Mr. President, down here, that Congressman Disney discussed with you the idea of having a West Point for the foreign service in Washington. Has that developed any further?

THE PRESIDENT: Well, it is being studied by a good many people. It is a very interesting suggestion. You know, at the present time in the Government service there are only really two branches of the Government service which are run on the basis of efficiency. You cannot get promoted in the Navy or Army unless you are efficient and only a certain proportion of the people can go to the top. And one problem of the civil service has always been having to carry deadwood up the line, the inefficient people.

Q Our good secretary (referring to Mr. Henderson) is a Lieutenant Commander in the Navy here. We hope you are not speaking of deadwood with him in mind?

THE PRESIDENT: He has been promoted every chance he got. That speaks for itself. (Laughter)

Q Every day or so. (Laughter)

Q Getting back to the railroad report, if you do get it today or tomorrow, can you give us a guess on when you will be able to tell us about it?

THE PRESIDENT: I will have to talk to Washington about it. The thought in Washington is that it will be given out early next

week from there.

Q The Message?

THE PRESIDENT: Oh, no; made public.

Q You have not got the report yet?

THE PRESIDENT: Next week is the idea at the present time.

MR. McINTYRE: When that happens could not we have a Warm Springs slant on it?

THE PRESIDENT: Oh, yes.

Q Have you selected a new T.V.A. member yet?

THE PRESIDENT: No.

Q Is George Fort Milton, of Chattanooga, being considered?

THE PRESIDENT: I have not considered anybody yet.

Q Are you going up to North Alabama for the dedication?

THE PRESIDENT: I don't think there is a chance this time.

Q Is Mrs. Roosevelt going to join you here?

THE PRESIDENT: Yes.

Q When?

THE PRESIDENT: The twenty-seventh.

Q How is she coming down?

THE PRESIDENT: Flying. She comes through Atlanta by air.

Q From where?

THE PRESIDENT: From Seattle. She will fly over Birmingham and may even stop there. I don't know.

Q Are you going to Fort Benning?

THE PRESIDENT: Yes, the thirtieth.

MR. McINTYRE: That is still tentative, though.

THE PRESIDENT: Mac is to decide on the date.

How are things coming along?

Q We are going to Manchester, at the Kiwanis Club.

THE PRESIDENT: What are you going to use as a substitute for Russ Young?

Q We are going to read his message.

Q There isn't any substitute for him. (Laughter)

CONFIDENTIAL
Press Conference #446,
On the road in front of Curtis Cottage
at Warm Springs, Georgia,
March 29, 1938, 12.55 P.M.

(The President was seated in his car and for a brief moment the talk centered around his car and its operation.)

Q Mr. President, because of the large amount of speculation that is going on about it, can you give us the highlights on the railroad report?

THE PRESIDENT: I cannot. I mean, I cannot do it offhand.

Q Could you even do a sentence offhand?

Q You have not been working on it?

THE PRESIDENT: Yes, I have. There are too many angles to it. I would not know how to write the story. There are too damned many things in it.

Q Will it be made public in Washington this week?

THE PRESIDENT: I don't know; I think so.

Q Can you tell us whether the I. C. C. figures in it? I had an inquiry on it this morning.

THE PRESIDENT: Frankly, I do not know.

Q Is there anything you can tell us?

THE PRESIDENT: I am still getting comments on it from Washington and until I get more comments on it I am not ready to write anything on it myself.

Q When you get off that, is there anything you can tell us about silver? I have had frantic queries about that.

THE PRESIDENT: No, because I do not know.

Q I will have to wire the office.

THE PRESIDENT: I don't know any more details than I have read in the papers.

Q I had a message this morning saying that they are to reduce the foreign price of silver another cent to forty-three. That is the latest we got.

THE PRESIDENT: I wish I knew something about it; I do not.

Q How about the angle that they are going to stop buying from Mexico entirely?

THE PRESIDENT: Again the same thing; I do not know.

Q Mr. President, have you received any communication from President Cardenas, of Mexico, in relation to the seizure of the oil properties down there? Is anything being done to work out that situation?

THE PRESIDENT: Oh, I think they are at work on it. But, there again, I do not know any of the details.

Q Do you recall, Mr. President, whether in the railroad report there was a suggestion for the creation of a special tribunal or agency to expedite the financial reorganization?

THE PRESIDENT: My difficulty is again that if I take up one thing, it is only one thing.

Q That was generally expected at the time and I wondered.

THE PRESIDENT: And the next thing was, was there such a thing? There are a lot of things in it and there is no one thing you could use as a lead. It has to be a complete story.

Q We could use that very nicely if it were a fact. (Laughter)

Q Do you plan to send a Message to Congress on this railroad subject?

THE PRESIDENT: Yes.

Q Then we may infer some legislation is required, or can we infer?

THE PRESIDENT: Yes. I will tell you what: If you have to write a railroad story I will try to give you a lead, but it is about the only thing that I can think of. In other words, I will try to be helpful.

No. 1: There are a great many angles to the railroad situation, as we all know. You know the different angles. I would be afraid to start to enumerate them because I might leave some out. If I had jotted them down on a piece of paper, I would give them to you but I am afraid, as it is, to leave something out. The way I would write it is this: That the I. C. C. and the Securities and Exchange Commission, between them, have a great deal of information. The I. C. C. information dates back fifty years. The Securities and Exchange, of course, dates back a much shorter time. The R. F. C. has a great deal of information in regard to the finances of railroads. All of this is included in the information. The I. C. C. information includes all the studies made by Eastman when he was Coordinator.

It looks from all of this information and the recommendations that something must be done. In other words, we have got to get action. It is not a case where an investigation, a further investigation prior to legislation, is called for because we have all the information. And the I. C. C. has been, essentially, an agent of the Congress in legislative and judicial powers, therefore it would seem that the details, even broader than that, the policies to be adopted, are essentially within the jurisdiction of the Congress itself. That, of course, does not relate to the

administrative functions like examining locomotive boilers and car couplings or brakes and things like that. On the administrative end of the I. C. C., there is no new policy involved. We will continue to tap car wheels.

Q I have one more query on the Hungarian War Debt Message. Can you give us anything further than that?

THE PRESIDENT: No; it is all in the Message.

Q You do not mean to suggest, about this jurisdiction of Congress here, that additional legislation will not be required?

THE PRESIDENT: No, I do not. Just as I said, I think action is necessary, but the matter having been primarily in the jurisdiction of Congress all the way through, the primary responsibility is on the Congress.

Q It was printed yesterday in Washington that you were contemplating a visit to Mexico City this summer, that there was a possibility of going into the capital from a fishing cruise off the coast?

THE PRESIDENT: Not that I know of.

Q Have you received a letter from the non-strikers of the Remington Rand plant asking for your help against the National Labor Relations Board?

THE PRESIDENT: I did. I did not know anything about it so I referred it back to Washington to the Department of Labor and the National Labor Relations Board. Is that right, Mac?

MR. McINTYRE: That is correct.

Q Any comment on the Supreme Court decision on the Public Utility Holding Company Act?

THE PRESIDENT: No. I would have to do it in Latin if I do it at all.

Q We will take it that way. (Laughter)

Q We will take a chance on it.

THE PRESIDENT: Just because you went to Notre Dame does not mean that you know Latin. (Laughter)

Q (Mr. Trohan) It means that I do not know it. (Laughter)

Q How about the Senate fight on the passage of the Reorganization Bill?

THE PRESIDENT: I would love to give you a direct quote on that.

Q We would take it in a minute. (Laughter)

THE PRESIDENT: Mac says, "No." Didn't he? (Laughter)

Q I would love to get something on that bill.

THE PRESIDENT: Well, I will tell you, I will take a shot at it:

It proves that the Senate cannot be purchased by organized telegrams based on direct misrepresentation.

MR. McINTYRE: Do you want to use that word, "purchased"?

THE PRESIDENT: Yes, it is all right.

Q Can we put this in direct quotes?

THE PRESIDENT: Yes, it is all right. Is that all right?

Q Yes.

MR. McINTYRE: Fred (Mr. Storm) can remember the time that would be embarrassing to him. (Laughter)

THE PRESIDENT: That was in his other life. (Laughter)

Q How many has he now? (Laughter)

THE PRESIDENT: He was in a coma for a few months. (Laughter)

Q What is the dope of the House leaders on the prospect of getting it over there?

THE PRESIDENT: I have not heard a word.

Q Can you give us six names to go with that quote? (Laughter)

Q Anything on the foreign situation?

THE PRESIDENT: I have not talked to Hull since Sunday. I have not heard a word.

Q I think you had better put that off the record. We have had you talking to him daily. (Laughter)

THE PRESIDENT: Have you? You had a grand lead that I had talked with the Secretary of the Treasury on the phone on Saturday. Well, I did not. (Laughter)

Q We also had you talking to House and Senate leaders.

THE PRESIDENT: I suppose I talk to about ten people a day in Washington. I do have good times, bad times, quiet days, exciting days. There is no significance, any more than if I were in Washington. I would do the same thing there.

Q Do you think the Supreme Court decision would be interpreted as bringing out the merit of the Court program? I think you said something on that line before.

THE PRESIDENT: The time has not yet come.

Q You told us Friday you might have the data on the Bank Holding Company situation. Have you got that yet?

THE PRESIDENT: No.

Q The New York Herald-Tribune printed the story that Senator Wagner was your candidate for Governor of New York.

THE PRESIDENT: Harold (Mr. Oliver), you know the Tribune. (Laughter)

Q I know. I had to get that in for mental satisfaction. (Laughter)

Q Could you suggest anything to stop these mocking birds from singing the Lorelei and other things so early in the morning? (Laughter)

THE PRESIDENT: Yes. Of course I know that you are prejudiced against the Lorelei. I would suggest teaching them Madelin.

Q We have a new correspondent with us, Mr. George O'Connor, of the New Britain Herald. (Laughter)

THE PRESIDENT: That is funny. I thought he represented the Alexandria Bee.

Q The Augusta Bee, Mr. President.

THE PRESIDENT: Yes, the Augusta Bee. George (O'Connor), it is good to see you down here, you are looking fine.

Q (Mr. O'Connor) Thank you, Mr. President, and so are you.

Q We ought to have him sing for the supper.

THE PRESIDENT: Fine; you have done it before. It would be grand if you are going to be here when the kids are down here.

Q (Mr. O'Connor) I took it up with Mr. Boone and he will be glad to have it.

Q Did you see Governor Leche, of Louisiana, this morning?

THE PRESIDENT: No, Mac is going to bring him up to see me.

Q And isn't Governor Olin Johnston coming? He said he was.

THE PRESIDENT: He will let me know. He may wait and come up to Washington instead.

Q And tomorrow we have Fort Benning?

MR. McINTYRE: Yes, and Harry Hopkins probably won't get in until Thursday night.

THE PRESIDENT: Possibly Thursday morning.

MR. McINTYRE: I don't know; he may stop in Atlanta for a day.

THE PRESIDENT: He talked with Mrs. Roosevelt this morning and said he might come down Thursday morning so as to go over to the Pine

Mountain Homesteads.

Q Do you know of any other callers?

THE PRESIDENT: No. Thursday we do the Pine Mountain Homesteads and lunch with the Marines. What do we do Friday? Friday we lunch at the Foundation. What do we do Friday night?

Q Manchester Kiwanis Club.

MR. McINTYRE: They want you to make the address this year. Senator Young is here.

THE PRESIDENT: Who is going to make the speech?

Q Bill Murphy and George O'Connor.

THE PRESIDENT: That is a good idea. I will send a message through them.

Q We will be very glad to have that, Mr. President.

THE PRESIDENT: I am going to have George (O'Connor) sing it.

Q Did Governor Leche hear of anything you can tell us about?

THE PRESIDENT: No.

Q Have you had a good rest, Mr. President?

THE PRESIDENT: Perfectly grand. Going strong.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #447,
While the President was seated in his automobile
in front of Georgia Hall, Warm Springs, Georgia,
April 1, 1938, 1.00 P.M.

(The President and the Press spoke very briefly about the reporters who were routed out of their beds the previous night by a very late story.)

Q Have you decided when and where and by whom the railroad report will be issued?

THE PRESIDENT: It won't be issued until I get back. I am seeing on Monday, on that Monday morning, seeing Mr. Tulley, of the railroad executives, and probably also some of the labor people. They asked for a chance to submit various things to me before I sent anything up, so that is the reason for holding it off.

Q Can you tell us about your discussion this morning with Congressman Patrick, of Alabama.

MR. McINTYRE: The boys have had one or two queries from Birmingham and I could not get hold of him so thought maybe you could tell them.

THE PRESIDENT: That is a very difficult thing to tell them. What could you tell them? (Laughter)

MR. McINTYRE: What Congressman Patrick told me was that last year you kind of half promised to go over to Alabama on this trip.

THE PRESIDENT: That is a good story.

MR. McINTYRE: How near true is it? (Laughter)

Q Did you discuss anything about the building of a munitions plant in Alabama?

THE PRESIDENT: No.

Q My query asked whether you discussed the Reorganization Bill?

THE PRESIDENT: No.

Q With him?

THE PRESIDENT: No.

Q Do you have any comment on the Senate passage of the new R. F. C. bill, which permits wider powers of lending to new business?

MR. McINTYRE: That went through this morning, Mr. President.

Q By a voice vote.

THE PRESIDENT: No, I cannot say anything on the record on that. Of course there are lots of things that amuse me, off the record, on it. Did you see the headlines that Glass had "forced this bill on the Administration" and the lead in quite a lot of stories that it was Glass's bill? It is a perfect scream. Actually, of course, we worked it up in the Treasury Department with Jesse Jones and then Jesse Jones saw Carter (Senator Glass) and said, "I think this is a pretty good bill" and Carter said, "All right, I will put it through."

Q Is this off the record?

THE PRESIDENT: All off the record. It just shows how things go.

Q What has been the reaction to the letter you sent up the other night? Have you any comment?

THE PRESIDENT: I have not seen the papers that carried it. You see, yesterday morning's New York papers were not first editions and did not carry the story. The only one I saw was the Washington Herald. The Post (Washington Post) only had a bulletin.

MRS. ROOSEVELT: The Washington Star has it.

THE PRESIDENT: Yes, the Star. The Post only had a flash.

MR. McINTYRE: Rudolph (Mr. Forster) wired down this morning that you only had a very few telegrams and just about equally divided, pro and con.

Q Anything you can tell us in regard to the developments in Mexico?

THE PRESIDENT: No, except that somebody -- that the discussion seemed to be coming along in a very satisfactory way.

Q I think that either off the record or for background what we need is a seminar course in American history on the obligations of this country under the construction of the Monroe Doctrine, I mean as far as foreign investments there are concerned.

THE PRESIDENT: That does not involve the Monroe Doctrine in any shape, manner or form. Just for background, the primary question in Mexico is this: There have been two things that have happened over the last -- a good many years, which do affect American citizens. The first is the small fellow, the small American, who has gone down there to ranch and farm, etc., and has put everything he has had into his ranch or farm. Under the Mexican policy of distribution of land ownership, quite a number of those poor Americans have been stripped, and their property has been taken, or a part of their property has been taken, and so far, they have not been able to realize on a settlement. Those people, the Mexican Government assures us, are going to be taken care of. They are the real hardship cases.

Then you come to another type of American investment, the Americans who went to Mexico, like William Randolph Hearst, and bought a state legislature, bribed officials and acquired title -- this is all background -- acquired title to hundreds of thousands

of acres of land for practically nothing except the cost of the bribe, or they paid three cents on the acre for it, things like that, and then claimed all kinds of damages in a sum far in excess of the amount of money that he had actually put in. We have not got much sympathy with trying to collect that excessive sum for him.

The same thing in a different way, without any bribery -- leave out that element -- in the case of oil companies. It comes down to the same proposition of the holding company in this country. Oil companies have gone down there and they have invested money. Now, the Mexican Government would expropriate their property; they are condemning it. We feel that these oil companies should get payment from the Mexican Government for the actual sum invested in the oil lands and in the drilling operations and the pumping and the refining, and so forth and so on, less depreciation, so that they would come out with a whole skin.

That is the policy of the Government, we have always wanted to do that, and the Mexican Government has sent a note from President Cardenas, which got to Washington this morning, and which they will give out in Washington, which seems to be a very satisfactory thing. That is why I say that the situation is, on the whole, developing all right.

Those companies ought not to have prospective profits given to them. If I have a piece of land at Warm Springs that is worth $5,000., and the Government, or the State of Georgia wants to take it over, I ought to get $5,000. out of it. I ought not to be able to say, "In a few years this is going to be worth $20,000., so you have got to pay

me $20,000."

Q Have you received a report from the Federal Trade Commission on the cost of living?

THE PRESIDENT: No.

Q Do you expect it soon?

THE PRESIDENT: I do not know; I have not heard anything about it one way or the other. Did I ask for one?

Q Yes, about three months ago.

THE PRESIDENT: Will you check on it? It has not come down here; I have not heard a word about it; I had forgotten that I had asked for it.

Q Can you tell us anything about your conversation with Governor Rivers?

THE PRESIDENT: Just had a general discussion.

Q What do you think of his proposal that the United States, as a gesture towards international peace, allow foreign debtors of ours to take the money they owe us and set up funds in their own individual countries for educational purposes?

THE PRESIDENT: It is a new one on me.

Q It is Herbert Hoover's speech this morning. (Laughter)

Q May I ask you again about the bank holding company data?

THE PRESIDENT: It has not come yet.

MR. STORM: Thank you, Mr. President.

THE PRESIDENT: I don't think there is any other news. I hope you have a good time tonight.

Q That Mexican situation is not attributable to you?

THE PRESIDENT: No.

CONFIDENTIAL
Press Conference #448,
Executive Offices of the White House,
April 5, 1938, 4.00 P.M.

THE PRESIDENT: They only had one bad time. We were awakened in the middle of the night. They were fast asleep.

Q Who had the nightshirt on?

THE PRESIDENT: He (referring to Harold Oliver) did not go over to Manchester for certain personal reasons. He was the only one.

Q (Mr. Oliver) They are plenty wide awake, I will tell you that.

THE PRESIDENT: No, I think you were snoring. Mac (Mr. McIntyre) told me you were snoring when he went in.

Q What we want to know is where McIntyre was for two hours.

THE PRESIDENT: Yes, I would, too. You know, some of them were still on Washington time. They were not quite sure where they were. There is an hour's difference.

Q You had better stop rubbing it in. It is a sore subject.

THE PRESIDENT: I got great fun out of it, Russ. It is my turn.

Q They are not having any fun out of it.

THE PRESIDENT: No, not having any fun at all.

MR. DONALDSON: All in.

Q What is that, Mr. President?

THE PRESIDENT: That is very interesting. That is from the Sultan of Muscat. We are all looking at a very beautiful present from the Sultan of Muscat, who was a visitor recently. (Laughter)

Q What are you going to use it for?

(The gift from the Sultan of Muscat was a throwing weapon.)

THE PRESIDENT: I have been practising. I can put it in the wall

there (indicating) at thirty paces.

Q Make sure it is the wall. (Laughter)

Q What is it?

THE PRESIDENT: Isn't it called a yataghan?

Q How do you spell it? (Laughter)

THE PRESIDENT: I don't think I have any particular news.

Q I would like to have a real story of the midnight story. I have had eleven versions.

THE PRESIDENT: Get it from the president of the White House Correspondents' Association. He was not there; that is why he will be able to tell you a good story.

Q Mr. President, can you tell us anything about your conference yesterday with the representatives of railroad management and labor?

THE PRESIDENT: Just general; we talked about all phases of it.

Q Anything on subsidies?

THE PRESIDENT: Oh, yes, that was one of them.

Q Will there be a message?

THE PRESIDENT: Yes.

Q Soon?

THE PRESIDENT: Very soon.

Q Tomorrow?

THE PRESIDENT: No; I do not think this week. If I get all these papers put together, I should think around Tuesday, if it does not interfere with some very important vote that is coming up that day.

Q Do you think there will be legislation at this session?

THE PRESIDENT: You will have to wait until you see the message.

Q Before you went to Warm Springs, McCormack (Representative John W. McCormack, of Massachusetts) told us that you would fix up a new flood control program involving one hundred per cent federal treatment. Can you tell us about that?

THE PRESIDENT: It is one of the things still under discussion. We are not ready to shoot because it involves not just flood control but public works in general. They all tie in together and I am not ready.

Q Would you care to tell us what you told the crowd (railroad group) yesterday on the subject of subsidy?

THE PRESIDENT: Oh, I think it is all right. In general -- of course this is not specific at all -- I raised the question in this way: We don't know yet what kind of final solution we are going to adopt for the general transportation problem. Nobody knows. If we knew definitely what plan we were going to adopt, that would be a little bit different thing but, in the absence of such a national policy approved by the Congress, I do not think we can afford to pay subsidies to railroads. Once you start paying subsidies, it is pretty hard to stop. I cited certain examples. Some of us are old enough to remember trolley cars, and the trolley car industry way back around 1895 or 1900. That was a very going concern, employing I don't know how many but certainly tens of thousands of men for the maintenance of track, not only in cities but interurban trolleys, motormen and conductors and everything, buying a lot of equipment. They started to go downhill and we started to begin to get a

lot of bankruptcies among them. Well, that is a pretty serious thing from the point of view of labor and industry. The Federal Government, fortunately, did not go into the business of guaranteeing their earnings. If we had, we might still have interurban trolleys all over the United States.

Then I suggested the other simple political fact that we have to face these days that if you had to start subsidizing the railroads, I know of a good many other industries that are going to come in and say to Congress, "You subsidized the railroads; how about us?" There would be the cotton mills, the steel companies, the automobile companies, and so forth and so on. In other words, it is private capital. They are not Government owned, we hope they won't be, but should the Government go in and start a series of subsidizing ventures -- it will probably end up that way -- on property owned by private capital? That is about all there was that we discussed in that line.

Q Mr. President, there seem to be two opposing points of view; many people who are well up in the study question whether Government operation under the wartime conditions was a fair test of that theory. Do you subscribe to the fact that it was a fair test, or otherwise?

THE PRESIDENT: I don't think you can say yes or no, for the very simple reason that operation under wartime conditions was absolutely different from what it could possibly be under normal peacetime conditions. There were some things done, done solely because of the necessity of getting freight through in time of war. They added a lot of trackage that we knew was not necessary,

just to move war stuff. We had troop trains from the South, things of that kind.

At the same time, under the Railroad Administration in war time, they did effectuate certain things which were afterwards abandoned but which a great many of the railroad executives today think we ought to go back to. For instance, in the big cities they had consolidated ticket offices. That saved a lot of overhead. They had a pool, I think that was the word they used, for freight cars so that if I shipped a car out of Washington for Atlanta, Georgia, on the Southern and there was no return freight from Atlanta bound this way over the Southern, instead of bringing the car back empty, if the Seaboard Airline was looking for a car to go back to Washington, under the wartime procedure they would have used this car, even if it were a Southern Railway car, if they had the goods to send back. Of course, the pooling of freight cars has, I think, been pretty well abandoned. I do not know enough about the technicalities but during the war there were fine savings made in the actual processes of running railroads.

Q Do you think that in your message you will have an emergency program and a long range program?

THE PRESIDENT: I have no idea; I have not written it.

Q Will you make public the report of the three commissioners?

THE PRESIDENT: Yes.

Q When you send the message up?

THE PRESIDENT: Yes.

Q Are you familiar with the report that Commissioner Walker (Federal

Communications Commission) sent to Congress on the subject of the A. T. & T. Company?

THE PRESIDENT: No, only what I have read in the papers.

Q Anything new on the Coal Commission? Any new members?

THE PRESIDENT: I have not heard the name of the Coal Commission since I left.

Q We have. (Laughter)

Q Mr. Secretary. (Laughter)

THE PRESIDENT: Get up, Mac (Mr. McIntyre), and take a bow.

Q Mr. President, what is the status of the helium shipment to Germany that was held up by Secretary Ickes?

THE PRESIDENT: That I do not know. The Secretary of State had some papers in the Cabinet meeting today. He said that he would not take the subject up until the Secretary of the Interior gets back. So I expect to hear when Secretary Ickes gets back.

Q Can you tell us about the call of the Mexican Ambassador today?

THE PRESIDENT: There was not any news in it. Just to talk over the things you know about already.

Q Would you say that the discussion was still progressing?

THE PRESIDENT: Yes, progressing very well.

Q Have you anything on this flood control situation?

THE PRESIDENT: No.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #448-A,
With the Members of the American
Association of Agricultural Editors,
Executive Offices of the White House,
~~May~~ April 6, 1938.

THE PRESIDENT: It is good to see you all again on our little annual visit.

We have a little bit more to go on this year than we did last year. We are feeling a bit better about things, aren't we, Henry (Secretary Wallace)? (Laughter)

It has been a long hard fight to get any agricultural legislation. We should have had more time for that, as you know, and it hurts. As a matter of fact, that delay, it hurt a lot. We started to do something in January, the first week in January, 1937, and the Congress did nothing that session. We called them back for a special session but they did not pass a bill. They got into conference and it took them to the end of February --

Q (interposing) February seventeenth, or sixteenth.

THE PRESIDENT: -- before it came down here. I did not waste any time. I think it was signed within twelve hours of the time it left the Hill, but that is pretty late because it has affected some of this year's crop.

We think it is going to help things; I do not know.

I am not nearly as much worried, as I said to the Secretary (referring to Secretary Wallace) yesterday, about the general subject of farm economy as I am about the subject of industrial economy. We are going to have a falling off, of course, possibly ten per cent, in farm income this year, but

that is a whole lot better than, let us say, the railroad companies, the steel companies and the automobile manufacturers and the cotton textile people. We are not nearly in as bad shape.

Of course the whole theory we have all been going on is that if we can keep up the buying power of the forty million people who are dependent on agriculture, that we are not going to have a depression similar to the big depression of 1929 to 1933. The agricultural depression started a good many years earlier and kept right on going down until 1933.

Have you people got any questions you would like to ask, or any subjects you want to talk about? We haven't got in this country, as I say, the same agricultural problem today that we had last year. I think we are going to go along. If you have any questions or suggestions you would like to make I would be very glad to have them.

"Q I think the people in the South are very optimistic about the tobacco bill. They have had a good income for four years and have plenty of money. The large cotton farmers are groaning a little about the bill but I think this amendment they have just put through will pacify them. Our people have plenty of food and feed supplies so I think they will get by.

THE PRESIDENT: Yes. And, of course, this year it is a little different from last year. We are not importing wheat and we are not importing corn. Actually, the export of agricultural products, I think, is doing pretty well, considering the times. Of course, with disturbed conditions in other parts of the

world, the general world trade is falling off. In other words, the amount of money available to send over here to buy our things is distinctly off in other countries from what it was last year. I think that is true and it is something that we have got to watch during the balance of the year.

We have been very definitely affected in the export of cotton to Japan by the Japanese financial situation. They are only taking such cotton as they absolutely have to have and that is very unfortunate on top of an 18,000,000 bale crop.

We are having one very amusing thing: They put through an appropriation for these agricultural products laboratories, and I think every Senator is asking for one of them. How many are there of them? There are four. And of these four laboratories, all of them, the Senators, want one to be put in a state. Of course we cannot put four in forty-eight states very well, and the pressure on me is perfectly terrific, and the pressure on Henry (Secretary Wallace) is pretty bad. So we worked out a formula. We are going to auction them off. (Laughter) In other words, we are going to give the four of them to the four states that offer the highest bid and put in the most money themselves. It is the only way we know of doing it except, of course, we do have to spread them more or less geographically, but that is one of the problems we face.

Q You might put them on rollers, Mr. President. (Laughter)

THE PRESIDENT: Yes, put them on rollers and move them around.

Q I think that is a happy solution on the use of agricultural products.

THE PRESIDENT: I think it is a very important thing. Of course, when you come down to it, other nations are rather definitely ahead of us on research along those lines. I rather imagine Germany is ahead of us on the use of agricultural products. It is going to help us to diversify in the South, for example, and God knows we need it.

Q How is your Georgia farm getting along?

THE PRESIDENT: The Georgia farm is not getting along so well. I think I told you last year that in the year 1936 I actually made a profit of $180. after paying taxes and everything else. Well, that is pretty good.

Q Does it allow for interest on your investment?

THE PRESIDENT: That was the interest on the investment. (Laughter)

Q You came out about even. I think that is what they call labor income, or something like that.

THE PRESIDENT: Yes, but considering the fact that it is a complete absentee landlord management, I don't think it is so bad. And this past year, as a matter of fact, I would have done pretty well but my farmer did persuade me to go back into cotton last year. I had the right, under the allotment, to plant forty-five acres of cotton. Well, I did. I do not know what happened but I was one of the few farmers in Georgia that did not make a crop. It was my fault. It just did not work out.

Q Your quota won't be so high this year under the program?

THE PRESIDENT: No, I am not planting any this year. I am giving it up entirely. It is amusing because I get down there only once a year and I cannot do very much about it. It is the usual

thing; my farmer down there is much like everybody else. He gets ideas into his head. Starting over in Woodbury, another one of the crops they have is pimento. They have a factory so my farmer thought that perhaps if I would put in forty acres of pimento it would pay. So I inquired around and found that everybody else is putting it in and these two comparatively small plants have their entire supply contracted for. There you are; this fellow never thought of where he would sell it. I told him I would experiment, that he could put in one acre.

Q What are you going to grow on the other forty-four?

THE PRESIDENT: Grass. (Laughter) Grass and plow it under. (Laughter)

Q Here is a chap that raises pimento in Texas and allows that his market is Georgia. (Laughter)

Q In the Rio Grande Valley we experiment with almost everything. It does not amount to much in total. Our problem is the cotton problem and we do not know hardly which way to turn on that. Our people will work it out. They are not at all depressed. It is a matter of adjustment and they are going to stay with it. They are doing more diversifying than they ever did before, taking better care of their land, and the soil improvement program has been of the very greatest moment in Texas.

THE PRESIDENT: All the way down through Georgia and through that area there is a great deal more of terracing than there was before.

Q Seven million acres of terracing in Texas.

THE PRESIDENT: Yes, and you do not need it in Texas as much as we do in Georgia, quite frankly.

Q I don't know about that.

THE PRESIDENT: You still have some top soil left and we haven't got any.

Q Our prairies are in pretty bad shape.

THE PRESIDENT: Another thing I discovered down there -- and I do not know if it is true in other parts -- it is true in Arkansas -- I found in grocery stores for the first time this year they were selling Georgia apples. Prior to that it was impossible to get anything but western apples in Georgia. Now they are handling North Georgia apples and I think the Arkansas people are trying to sell apples in New Orleans and that section. Of course, it is largely a question of selection and grading and packing, but they are perfectly good apples. That is not very encouraging news for the people of the State of Washington, but it is a wholly correct development.

Q A lot of that is the result of developing local markets.

THE PRESIDENT: Yes, because there were any number of local places in Georgia where you just could not buy apples. It will increase the use.

On my Dutchess County farm I did very well. I sold quite a lot of my second crop of Christmas trees. I will soon be in production up there. I will have approximately ten acres of Christmas trees a year. I am doing better on that than I am with cows; I am doing awfully well. It is on these old pastures that have run out.

Q You do not happen to need a good Guernsey bull, do you? (Laughter)

THE PRESIDENT: I will have to ask my mother. Well, you know about

my famous herd, 98% registered Guernsey, 1½% registered Jersey, and one-half of 1% registered China and, believe me, they are the best cows that are anywhere around. (Laughter) I am going to start a new breed. Will you let me start a new herd book?

SECRETARY WALLACE: You can register those in the new American Cattle Book that Rockefeller Prentice is starting. All you need for that is production. If you have a volume of production, you can register that. If you can prove the cow is a good one, it does not make any difference.

THE PRESIDENT: This is a milch cow proposition. I did pretty well crossing Black Angus with whitefaced Herefords down there at Warm Springs. They were good; it is all right. (Laughter)

Well, I think -- well, I wish all the rest of the problems of the Nation were coming along as well as agriculture.

SECRETARY WALLACE: These men are discouraged about their advertising because the industrial situation has seriously affected them.

THE PRESIDENT: Yes, of course it has. Well, I would rather advertise things in most of the farm papers than I would in the metropolitan papers.

Q We still have enough to get here. (Laughter)

Q Are you going to get our parity payments started this year?

THE PRESIDENT: I do not believe so. We are going to come to it.

Q In this session of Congress?

THE PRESIDENT: No, I do not think so. It is a question entirely of where you are going to bust the budget the worst. (Laughter)

We think there are other things that are more necessary.

Q Well, I will tell you, give the money to the farmers and they will spend it.

THE PRESIDENT: You bet. Well, we are working towards it.

SECRETARY WALLACE: It is good to see you, Mr. President, good-by.

THE PRESIDENT: Good-by.

CONFIDENTIAL
Press Conference #449,
Executive Offices of the White House,
April 8, 1938, 10.35 A.M.

THE PRESIDENT: How is everybody this morning?

Q Very fine.

(Discussion about the White House Correspondents' Dinner.)

MR. DONALDSON: All in.

THE PRESIDENT: I was just suggesting to the front row a theme for the next White House Correspondents' Dinner. Every member should appear in pajamas or nightgowns. Outside of that there is no news.

Q Mr. President, could you tell us something about this new Public Works Program that is being talked about?

THE PRESIDENT: No, I do not think so, Harold (Mr. Oliver). There are a lot of things being studied. Absolutely no decision has been made.

Q Mr. President, would you comment on Mr. LaGuardia's idea that if you turn over $150,000,000. to him everything would be all right?

THE PRESIDENT: Whose idea?

Q LaGuardia's.

THE PRESIDENT: What is that idea? It is a new one.

Q If you would give New York $150,000,000. and abolish the red tape and let him handle it, he would do great things.

THE PRESIDENT: I have not heard of it.

Q Are you going to see him today?

THE PRESIDENT: I think he is down at 11.45.

Q He has suggested the establishment of a five-man board, Mr. Pres-

ident, to handle public works.

THE PRESIDENT: Why a five-man board?

Q I do not know any reason for it.

Q He was to be chairman, Mr. President. (Laughter)

Q Mr. President, have you any comment on President Quezon's statement yesterday, in which he said that your agreement on the independence preference period in no way interferes with proposals for political re-exemption?

THE PRESIDENT: Was there a comment from him?

Q Yes.

THE PRESIDENT: I have not seen it.

Q Does that coincide with your views?

THE PRESIDENT: I cannot comment on it if I have not seen it.

Q When may we expect the Public Works program?

THE PRESIDENT: I do not know; pretty soon.

Q The railroad message still scheduled for Tuesday?

THE PRESIDENT: I should think so.

Q Any developments on that?

THE PRESIDENT: No; there is still information coming in from various people. Pelley is bringing me some more information today at some time -- 12.45.

Q Is Harrison (Mr. George Harrison) seeing you today, too?

THE PRESIDENT: No.

Q Does the Public Works program under study include federal as well as non-federal projects?

THE PRESIDENT: No; it includes everything.

Q Mr. President, will the message on public works also include the

message on appropriations for relief?

THE PRESIDENT: I do not know; I have not put it together. I do not know whether it will be in the same message or a separate message.

Q If you adopt the Public Works program, would you reduce the sum for relief?

THE PRESIDENT: No; Oh, no.

Q Would the Public Works sum, if you ask for one, change in any wise requirements for R. F. C. money?

THE PRESIDENT: No.

Q Mr. President, have you given any thought to the Government guaranteed bonds of railroads coming out of reorganization?

THE PRESIDENT: Oh, that, of course, has been discussed a great deal. I suppose the simplest thing to say is, "Why?"

Q Why?

THE PRESIDENT: Why? Why should one? How about a cotton mill coming out of reorganization? Or a telegraph company? Or an electric light company? Or a steel company? Or an automobile company? Why?

Q Particularly insurance companies and the banks?

THE PRESIDENT: Oh, yes; there is an awful lot of loose talk about that but, as you probably know, the insurance companies and banks in their balance sheets, right along, they write down securities that go down in value.

Q Not always. They put them in at cost many times. Many times I see them put in at cost, and it does not give a true picture.

THE PRESIDENT: The insurance commissioners in 1929, I guess in 1930, the insurance commissioners of the various states, because

obviously the market value of insurance companies at that time was below the actual value, not what they had paid for them but below the actual value, the insurance commissioners of the different states agreed that they would allow a valuation on the basis of, as I remember it, the actual value rather than the market value.

Q You mean it was not market value?

THE PRESIDENT: Yes, it was not market value and that was carried through, as I remember it, in 1931 and 1932, and then they went back to market value in 1933, I think. You might check on that. But, speaking by and large, trustees or people in a fiduciary capacity, as a general proposition do value their assets, except in a great emergency like 1931 and 1932 at actual value rather than at par, if the par is not there.

Q Some of the railroad bonds are down to the 1932 lows.

THE PRESIDENT: Yes.

Q So I mean the analogy might be that they would do that again.

THE PRESIDENT: Depending on whether the value is there. As a matter of fact, the Federal Government does not handle it. The insurance commissioners of the different states handle it.

Q Have you taken up the helium question since you came back?

THE PRESIDENT: Not yet.

Q Mr. President, wholly apart from any particular Public Works program, have you reached a decision that more money will have to be spent?

THE PRESIDENT: We need more money for relief; that is all I can see to it. Of course that is not news.

Q How much more?

THE PRESIDENT: I am going to tell the Congress that.

Q For this current fiscal year?

THE PRESIDENT: No, the coming fiscal year.

Q More than you have estimated?

THE PRESIDENT: More than the billion dollars which was last fall's estimate.

Q What do you think of the three billion dollars over three years, proposed by Governor Earle?

THE PRESIDENT: Oh, there have been a great many proposals made.

Q Is that too much?

THE PRESIDENT: No; there have been a great many proposals made.

Q In your recommendation for more than a billion, would you also ask for a repeal of the amendment which would prevent you from spending more than one-twelfth each month?

THE PRESIDENT: The Woodrum amendment, I do not think, did call for spending one-twelfth a month, it was an amount based on the total sum.

Q You will ask for the repeal of that?

THE PRESIDENT: Yes, because, obviously, you cannot tell before the fiscal year begins what the needs for the five months will be. You can tell the next month or the first two months, but you cannot tell much beyond that.

Q How about offering money without interest?

THE PRESIDENT: That is one of the things under study.

Q The Senate debate on the Army bill for more money for anti-aircraft defense said that the guns would be all mobile. Does that mean

more roads?

THE PRESIDENT: You had better ask Senator McKellar and Senator Copeland. (Laughter)

Q I could not get a decision there.

Q Would you care to state your opinion on the agitation for Government ownership and operation of the railroads?

THE PRESIDENT: There is nothing new on that. I have always opposed it; if it is at all possible, it should be averted.

Q Have you replied to Governor Quinn, of Rhode Island, on his request for fortifications for Narragansett Bay?

THE PRESIDENT: I think it was referred either to the War Department or War and Navy Department for preparation of a reply.

Q Have you heard from Marvin McIntyre today.

THE PRESIDENT: He was feeling extremely cheerful this morning and wanted to go to the Gridiron Club Dinner, but his two doctors said, "No." Dr. McIntire and Dr. Roosevelt.

Q How many battleships do you expect the United States will have under construction by the end of the calendar year, 1938?

THE PRESIDENT: I do not know; I would have to check.

Q Mr. President, is there any particular significance in your plan to appear before the governing board of the Pan American Union?

THE PRESIDENT: I do it every year.

Q Have you made a decision on the invitation to address the Chamber of Commerce annual banquet here next month?

THE PRESIDENT: No. I doubt if I can go but the thing is left open because at the last minute I might be able to. The difficulty, as you know, in banquets like the Chamber of Commerce or the

D. A. R., it is not the actual time that is spent in going to the banquet -- it is a delightful occasion -- but it is in preparing the speech.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #449-A, (held with
Editors and Publishers of Trade Papers,
headed by Paul Wooten),
Executive Offices of the White House,
April 8, 1938, 11.00 A.M.

MR. WOOTEN: Mr. President, for two and a half years now, a committee from this group of editors has been cooperating with you and with the Administration. In their contacts with members of the Executive establishment, they have tried to point out to them a cross section of what business has been thinking about and the various problems and, in turn, they have carried back and expressed in their editorials the point of view of the officials. In that they have contributed a good deal to the general enlightenment on the situation and Mr. Bills, who is the president of the Editors' Conference, would like to say just a word.

MR. RAY BILLS: First, in this same connection with the meetings we have been holding down here, we find now that we can afford subcommittees of two or three editors to work with different Cabinet leaders and Administration leaders. I think that will be constructive both ways.

Second, I think at this particular time we are interested in the same thing you are, to expedite business recovery and increase employment. Therefore, any ideas that you have that we can make use of to contribute to that end, I am sure you will find the business editors ready to cooperate.

All along the line, we are trying to distinguish between the business editors and the daily newspapermen. We are not looking for spot news; we are looking for background material

that will be of real guidance to make more prosperous times.

The first thing that we would like to ask you is, while it has been deemed necessary to do a lot of direct pump priming, we would like to know, nevertheless, what other methods there are and in what ways we can help that would tend to increase private employment.

THE PRESIDENT: That is a pretty large order.

Q If you have any specific suggestions on that phase, we would like to know them.

THE PRESIDENT: How do you want this, Steve, off the record or for guidance?

MR. EARLY: For off the record guidance.

MR. WOOTEN: They have all been told that this is absolutely off the record. They just want a text for their editorials.

THE PRESIDENT: Well, let us take up one thing you mentioned: priming the pump. I think that is a pretty narrow view to take because, after all, your industries and trades will be going after we are all dead -- we hope they will be going and we hope they will be going in a capitalistic system -- private capital. That is what we are working for, to avoid having happen in this country what has happened in so many other countries. That is the long range. Therefore, I do not look at this just from the point of view of priming the 1938 pump. I am thinking about it in the terms of 1948, 1958 and 1968.

Money spent by the Government during the past few years and money that will be spent in the next few years is not merely money to put people to work at that particular moment with merely the

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result of adding to the national debt. It is also, in large part, money spent to do things that ought to have been done in the past and never were done.

Take our natural resources: We spent a lot of money there. Why? Of course it has put people to work but, at the same time, it has saved this country from the standpoint of the year of 1968. It had to be done. The soil was running away.

On flood control, I will give you a very simple example from the point of view of dollars and cents. Take the old Tennessee River: The Tennessee River was destroying actual physical property -- not counting the soil but talking about bridges, buildings, factories, homes, roads and highways, things of that kind -- at an average rate prior to 1933 of between twenty-five and thirty million dollars a year. That was capital being destroyed, just absolutely removed. Of course that was insured against flood, and the insurance companies paid up, but that is destruction of capital just the same. It does not make much difference whether the owner pays or the insurance companies pay. We figured at that time that at a total ultimate cost of between three and four hundred million dollars we would eliminate, in toto, that annual cost of twenty-five or thirty million dollars. Well, that of course created a debt. That particular public works has been paid for out of current appropriations, current taxes. It was not bonded.

Flood control on the Mississippi, on the Ohio, on the Connecticut, on the Susquehanna and Delaware, they all fall under the same category. In other words, by spending money for five

or six or seven years, you get rid of a loss, an annual loss, running between 20% -- 15% to 20% of the total expenditure. From the business point of view, that is pretty good financing.

Soil erosion in the same way. We have soil erosion in the Northeast; we have it all over the country. If you can stop soil erosion, you are preventing the loss of capital. We are doing it on two bases.

As I said, this is for background. What I miss in the trade papers, as I do in 85% of the daily press, is any positive approval of any of these things that are intended to save the Nation's capital. I find in what might be called "the opposition press" of all kinds the "yes, but --" attitude. They will say, "Oh, yes, we are in favor of flood control but we do not like this way of doing it." Or, "We do not like this party doing it, or this President doing it. We would rather have someone else doing it." "Soil erosion? Oh, yes, it is a fine thing to have in this country but we object to the use of money for it."

With soil erosion goes the other thing, goes the very large business, the agricultural business, in which thirty or forty million people are engaged. On that, one of the things that we have all felt -- I think everybody believes in the principle -- we want to stop the swings that we have had in the past, two dollar wheat up and thirty cent wheat down. In that particular business, the farming business, nobody can have any permanent purchasing power for the things that your industries produce, if they have two dollar wheat one time and thirty cent wheat another time. You cannot have real purchasing power in the South if you

have thirty cent cotton one time and four or five years after that you have four or five cent cotton. It just does not make any sense. It throws people out of work in the industries if the farming population cannot buy their goods. It means unemployment and the Government has to spend a hell of a lot of money for relief, and, if that sort of thing continues in this country, you are going to make for radicalism. The people affected by those swings, going out of work or going broke on the farm, will stand it just so far. But education is spreading all through the country and the farmers of the country who have been rather inarticulate on the whole in the past -- the cotton farmer in the South is beginning to understand more about it and if he should get four or five cent cotton he is not going to lay down and take it as he has in the past. It makes for radicalism. We know some of our radical people out in the Northwest. You will encourage a recurrence of that radical movement in the Northwest and it will spread through the corn belt.

That is why we have tried to get some kind of control over the big swings of crop prices. They are caused by the same sort of thing that happens in automobiles, excess production. There is too much wheat in storage and too much cotton carry over. It is a business just like any other business and when you get a carry over that is very, very large, what do you do? You close the factory, you cut prices, you have to get rid of the unwieldy surplus. It is the same old story.

But what happens when you do get a crop bill? Oh, I am not saying it is the ideal crop bill, no. But at least it is an ef-

fort. I don't get from industry active, two-fisted support for such legislation. Now, that is my complaint: I do not get two-fisted support. If they had a better idea, it would be fine, but the people who oppose a crop control bill do not propose any alternative. It is like a typical editorial in the New York Times: "Oh, yes, we are in favor of maintaining good prices for crops but this bill is terrible. It is regimentation on the farmer." Period, end of the paragraph, end of the story! (Laughter)

Now, that is just plain unintelligent. It is just plain unintelligent and it makes for radicalism. Do you get that?

Now, come to some of the other things: On wages and hours, again take any one of four or five dozen big papers. "Oh, yes, we are in favor of good wages, but the Wages and Hours Bill, that is unthinkable." All right, I had one in the other day and I said, "I just read your editorial and that is just what you said. Now, I will give you three examples, one a little factory in New England, paying girls four and a half or five dollars a week." He said, "Well, conditions compel it."

I said, "When we had NRA, those girls were getting eleven dollars a week and the industry seemed to survive and the girls had purchasing power." "Yes," he said, "that is right."

Well, was it bad when everybody was paying eleven dollars a week to those girls? No, it worked pretty well.

Well, number two: Down in the South there is a little old cotton factory that has spindles that date back to 1880, something like that. A little group of people in the South found this mill in New England which had been closed for a couple of

years during the period of 1927 and 1928, when most of the cotton mills in New England closed -- it was in the 1929 panic. This little group bought all of these New England spindles that were already fifty years old and they moved them down to Georgia. They got an old factory and started up. Well, of course it is highly, completely inefficient. That type of factory ought not to be in existence.

Well, they have managed to hang on by their eyelids since that by paying four and five dollars a week to the operators in the mill. That is not their average, taking in those who are paid at a higher rate but a great many, I think the majority of their operators, are getting less than seven dollars a week and they are going on, competing with properly equipped, modern mills that pay good wages.

Now, out west in one or two factories that we know of, they are working people sixty hours a week since the NRA went out. I call that unfair competition. Whenever you start to get a wages and hours bill, the Congressmen for that particular district get a piteous plea, "For God's sake don't do anything or you won't go back to Congress." So, he tries to get an amendment. That is pure selfishness.

Now, on wages and hours bill, we have two simple objectives and both will put more people back to work. One is a floor under wages -- I don't care what it is, so long as it is a reasonable floor, and the other is a ceiling for hours, so as to put industry on a fair basis.

But, do I get support from industry for a wages and hours

bill along that line? No. I don't want a drastic thing that says it cannot be over forty hours a week or less than forty cents an hour; of course not. That is a thing we have to work up towards gradually over a period of years. I would just as soon take the present average scale. Take the highly unintelligent editorial this morning in one of the papers and point it out in the South that the average wage of people working in lumber mills is 22½ cents an hour and out on the Coast the same type of work in lumber mills calls for 79 cents an hour. "And," says the editorial, "wouldn't it be certainly crazy to suddenly jump these people in the South from 22½ cents to 79 cents an hour?" Well, of course nobody ever suggested it. But we don't get any help for constructive legislation from industry itself.

Now, the bulk of industry, I honestly believe, wants a floor and a ceiling and they do not want anything drastic done that will throw everything out.

Let us take your lumber people in the South: Hereis the lumber trade. They spend, the Southern Pine Association, they spend thousands of dollars advertising all through the South and what does the advertisement read. It says, "Farmers to arms!" Now, that is a nice thing for industry to advertise in the paper, "Farmers to arms!" Now, you know it is not so good. "Farmers to arms!" They then say, "If this terrible Wage and Hours Bill goes through, you farmers will have to pay for your field labor a minimum of three dollars a day." Of course, there has never been any thought of including field labor in the Wages and Hours Bill.

And then, in the women's magazines and papers, they have

full-page ads, "Housewives beware! If the Wages and Hours Bill goes through, you will have to pay your negro girl eleven dollars a week." Of course, you know if you come from the South, you can employ lots of excellent domestic help in the South for board and lodging and three or four dollars a week.

No law ever suggested intended a minimum wages and hours bill to apply to domestic help.

Now, that is an industry which is doing that advertising through trade papers. That is a pretty serious indictment. I don't bring these things out in the public press; I am just talking in the family, to a family group like this.

Now, why can't industry come out as a whole and furnish positive help in getting a reasonable floor and a reasonable roof. I don't get any positive help. I can go on with a dozen different subjects. I am not getting positive help. It is always holding back. They say, "Yes, I am in favor of the principle but --". How many people really mean that, that they are in favor of the principle? I am beginning to be from Missouri.

Take the question of taxes. I will give you a couple of very simple propositions to think over: Today it is the national policy, whether we like it or not -- it is generally accepted by the people and you will never be able to change it -- to maintain a graduated tax upon personal incomes. That was established way back; we started in 1890 and it was thrown out by the Supreme Court. We got a constitutional amendment in 1913, it went through and a graduated personal income tax was levied and always will be.

Now, that being so, have I had any help from industry when I have sought to eliminate abuses of that principle? How many of your papers supported me last year when I tried to eliminate the Bahamas corporation, the incorporation of yachts, the incorporation of farms, et cetera and so on? Did any of you people come out and say, "By gosh, the President is dead right on that." These fellows are evading the law, perhaps not the letter of the law because it is awfully hard to draw a law that has not got legal loopholes, but did you give me any support in regard to evasion of the spirit of the law? I ask you that question very seriously.

A great lawyer in New York -- I don't give a rap about names, names have nothing to do with it -- a big lawyer in New York discovered what looked like a legal way, and probably was. He goes down to the Bahamas and for two hundred and fifty dollars incorporates a life insurance company in the Bahamas. He is in the upper brackets. He and four or five other people in the upper brackets go to the president of the new company, who is a law clerk in this man's office, and say, "I want to insure myself for a million dollars." The president says, "Fine, here is your policy. Please pay us a premium." Of course the amount of the premium was high, $100,000. "Here is my check. Now, Mr. President, my managing clerk, I want to borrow a million dollars on that policy." So he is given another check and borrows a million dollars and he pays interest on that at a high rate and deducts that from his personal income tax.

Another big man, his wife happens to be extremely wealthy --

this is legal, mind you, perfectly legal, and they have a lot of children, seven or eight children. He has been Governor of his state, this man; he has been a public servant. His wife makes him trustee for, I don't know what, five or six million dollars for the children, but it is a revocable trust. She can end it tomorrow and get all the securities back. She turns these securities over to her husband and then proceeds to borrow the whole amount back on the securities and deducts the interest on that loan from her income tax, which means that instead of paying, roughly, four or five hundred thousand dollars a year net, her net is only eighty or a hundred thousand dollars.

Now, there is no moral indignation among you business men, among you people who represent them. Why don't you get some moral indignation with respect to taxes that are progressive, that are established?

There are not only those evasions. You have today the capital gains tax. I take it that most of us in this room are fixed about the same way, financially. Occasionally we can make a capital gain, through an investment or the purchase and later sale of a piece of property, we can make a capital gain of five or ten thousand dollars. A good many of you have done it; I have done it. The rate under this proposed Senate bill is 15%. I have a very good friend of mine that has a profit on 10,000 shares of a certain stock, which he has held more than a year, of $500,000. He is pretty good. We are none of us in that class, I take it. Now, under the theory of taxation, he ought to pay more than 15%, under the Senate bill, he does not.

On undistributed profits, I know two brothers who inherited a business and ran it together, jointly, for quite a while. It is a good business and its actual value is about, by general consent and agreement, $10,000,000. One of these brothers got to be fifty years old and, with a good deal of common sense, he said, "I am getting $250,000. a year out of this business. I am not a high liver. I only spend about $50,000. I guess I will get out. I want to retire, see the world and have a quiet time." So his brother, in a perfectly friendly way, buys him out and now owns the business. Of course he still owes the $5,000,000. he borrowed to pay to the brother who got out.

The brother who got out went to Scudder, Stevens and Clark and said, "I have got $5,000,000. in cash. Give me a recommended list of investments." They did, a good sound list, which contained some Governments and municipals and first mortgage real estate and first mortgage railroads and some preferred and common stock. It was a perfectly sound distribution of a five million dollar investment.

He, of course, had no way of escaping any of his personal income tax. They were all corporations, a hundred different corporations. His net was $200,000. a year from these investments. On that he had to pay about -- what is $200,000? It is up to about 50% -- he had to pay $100,000. in income taxes.

His brother is still engaged in the business. His business made $200,000. over and above the proper amount that should be applied to depreciation and put into surplus, and so forth and so on. He had $200,000. as his profit. But he did not declare it.

He only wanted to use $50,000., so he left $150,000. in the treasury of his company and declared a dividend of $50,000. to himself. The net result that his tax was only $10,000.

Now, is that equitable? The money of both those fellows was working, there is no question about that. In one case it was working in one mill and in the other case it was working through one hundred different corporations.

Now, do I find, among business men, any effort to help me to equalize that sort of thing?

Taking the case of a very rich man that you all know -- we won't mention any names -- he had a corporation that was worth about $15,000,000. He knew he was going to die. He got to be -- oh, I don't know -- sixty-five years old and he knew that his expectancy of life was to have another five or ten years. His corporation had an absolutely adequate surplus to carry on the business. Everybody knew that and he admitted it. He said to himself, "By gosh, I might die and then my estate will have to pay a pretty heavy inheritance tax." Now, an Englishman doesn't do that -- the Government does not let him, but we do. So he started in and he put, out of the earnings of his corporation, he accumulated for the next eight or nine years $3,000,000. of additional surplus, unnecessary surplus. He died and his heirs have, let us say, ten certificates of stock representing the entire ownership of this corporation, a fifteen million dollar corporation. They have to find $3,000,000 in cash so they take two of these certificates and sell them to the corporation for $3,000,000, taking the $3,000,000 to pay the in-

heritance tax. Now, the surplus is decreased by that amount but they still own eight certificates which represent 100% of the ownership of the corporation.

In other words, that accumulation for the purpose of paying an inheritance tax was accumulated not on the personal income tax rate but on the, at that time, 12½% corporation tax rate. Is that fair?

Now, that is the kind of thing that we are trying to eliminate, and that is all. But do I get any help on it? It is merely equalization. It is fair trade practice in taxation.

Well, I have said an awful lot of things and have covered an awful lot of ground. But I want to emphasize that from industry itself, this Government is getting lip service and that is about all, in trying to correct unfair trade practices. That is where you people -- if you leave out the politics entirely, it is not a question of politics, it is a question of Government -- if you get in behind us and help on the establishing of fair trade practices up and down the line, we would go some place.

Have you got any more thoughts?

Q You have supplied the text for a number of editorials, Mr. President.

THE PRESIDENT: You can be of perfectly tremendous help. Of course you people have not taken any part in this question of reorganization. The Reorganization Bill is absolutely nothing in my young life. We have had the problem for forty or more years. You could not run your business the way the United States Government is set up, largely because of politics. Let us call it that because it is perfectly true. As I say, it is nothing in my life. I have been

going along with a perfectly inefficient machine for five years and I can do it for the next three and one-quarter years. But people have been talking about powers. I don't care, let Congress reorganize. But when Congress starts to reorganize what happens? We have in this Government six or seven different agencies that are making maps. I don't mean field work, I mean printing maps. We have six or seven map printing establishments right here in Washington and some through the country. Do you think that Congress can ever be got to consolidate that? Oh, no, the pressure from those six or seven bureaus would be too strong. They would say, "Leave us alone, we want six or seven map making plants in the District of Columbia." Congress won't do it.

Yet they have all agreed that somebody ought to do it. Well, there isn't anybody to do it, unfortunately, except the President. A year ago they found that it was perfectly grand but today they find that it is giving him certain powers. I don't want the powers, God knows. If the thing does not go through, I will rock along all right.

As far as powers go, I figured out the other day that there is not a single power I have got that Hoover and Coolidge did not have. Can anyone name any power I have today that Hoover and Coolidge did not have?

Q (Mr. R. B. Lucars, of "Machinery") The power of speech -- Coolidge did not have that. (Laughter)

THE PRESIDENT: Of course, as you know, you spoke this morning about priming the pump again. We are going to spend more money if we can get it out quickly. It is going to help on this immediate

situation, but it is not that alone, it is the long range end of it. In spending that money, somebody has to spend it. If Congress wants to earmark every dollar of it, fine, that is all right. But again, you cannot get Congress to earmark every project. It is impossible. All right. Reductio ad absurdum: You cannot turn it over to the courts, it would be unconstitutional. You have to turn it over to the Executive Government under the Constitution. Dear old Constitution -- I am sticking up for it. But that gives me the power to spend the money. Earmark all you want, as far as you can, but somebody has to spend the money. It is not a power which I desire. It means setting up machinery overnight. I would much rather Congress earmark it, but you know what you would get if they did. You will get a "You scratch my back, I will scratch yours." You will get a pork barrel bill. That is what they all talk about. So, there you are.

I am glad you do not have to talk in your trade papers on the immediate political things of the moment. You are free agents. You are working for business, and so am I. I think you are in a very, very fortunate position. I have absolutely no sympathy for you, as I have for the daily newspaper people.

(Laughter)

You are going strong, keep it up.

MR. WOOTEN: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #450,
Executive Offices of the White House,
April 12, 1938, 4.10 P.M.

MR. DONALDSON: All in.

Q Mr. President, can you tell us anything about the reported disagreement between yourself and the Vice President?

THE PRESIDENT: I know nothing about it except what I read in the papers. There isn't any, as far as his relationship and mine are concerned.

Q There is a story, sir, and there have been several versions of it in which it is reported that the Vice President gave a story to the Washington correspondent of a metropolitan daily and that you chided him for it.

THE PRESIDENT: It was made out of whole cloth. He did not do it. He told me he did not do it, and I believe him. He said he would be glad to answer any inquiries but was not going around to the newspapers to deny it. He said he is too busy to do that. You go and ask him.

Q You did discuss it?

THE PRESIDENT: I discussed it. I said, "Jack, have you seen this thing?" And he said, "Yes, damn it; of course I have."

Q Can we quote that?

THE PRESIDENT: Of course you cannot.

Q I think I see a map of Mexico on your desk. Did you discuss the Mexican oil situation?

THE PRESIDENT: No.

Q (interposing) I would like to stay on this for a while (referring

to previous question).

THE PRESIDENT: No, I did not discuss the Mexican situation. The map is here for an entirely different reason and it does not relate to a cruise or fishing.

Q Tell us some more. (Laughter)

THE PRESIDENT: You can't guess what it is and nobody is going to tell you.

Q Getting back to the map of Texas, did the Vice President differ with you on pump priming, as the newspapers stated?

THE PRESIDENT: No.

Q Did he tell you that we should give the cattle a chance to fatten?

THE PRESIDENT: No.

Q Did he tell anybody else?

THE PRESIDENT: He says he did not and I am sure he did not because I believe him a hundred per cent.

Q Where do you think the story came from?

THE PRESIDENT: You ought to know better than I do. (Laughter)

I don't think there is any particular news except the fact that I have appointed Norman Davis the Chairman of the American Red Cross. That is all.

Q Did he give up his ambassadorship?

THE PRESIDENT: He is going to accept and he will be available in that position, of course, to help the State Department and me in anything we want him to help us on in the future just as he has in the past.

Q Does that mean he will no longer be a roving Ambassador?

THE PRESIDENT: He never had that title. (Laughter)

Q Wasn't he that in fact?

THE PRESIDENT: No, he was not that in fact. (Laughter)

Q What was his title?

THE PRESIDENT: His title, as I remember it, was Special Ambassador to these particular jobs he was assigned to. While he was doing them he drew the pay of an Ambassador and I take it that, as Chairman of the Red Cross, he will not draw any pay unless, on some future date, he should go as Special Ambassador somewhere and as to that I have no plans and neither has he.

Q Will he draw pay as Chairman of the Red Cross?

THE PRESIDENT: On that question of drawing pay, you had better check on that because there is a question. The Red Cross has some kind of a special fund, I think, but I don't know enough about it to tell you. It is some kind of a special fund out of which the Chairman can be paid, but it is not a salary that attaches to the office. As I remember it in the case of Cary Grayson, from this special fund he supplemented his retirement pay as a Rear Admiral up to whatever it was -- $10,000 a year. His pay as Rear Admiral was about $6,500 or $7,000 a year. It is not, strictly speaking, a salary.

MR. EARLY: That $4,000 only took care of his traveling expenses for the Red Cross.

Q Mr. Davis will remove to Washington, will he?

THE PRESIDENT: I think not, as far as I know.

Q He will not?

THE PRESIDENT: No.

Q Where does he live?

THE PRESIDENT: New York and Stockbridge.

Q How about the Ambassador of Good Will over in the hospital? (Referring to Mr. McIntyre)

THE PRESIDENT: I think he is coming along very well, chafing at the bit.

Q Have you gauged the reaction to your railroad message of yesterday?

THE PRESIDENT: No.

Q Will Mr. Davis cease to be the Chairman of the American Delegation to the International Disarmament Conference?

THE PRESIDENT: I don't believe so. I don't know why he should not stay. The thing is completely dead for the moment. (Laughter)

Q Do you regard the present Federal Government, in its spending program, as the greatest effort you have made in your Administration to meet the depression?

THE PRESIDENT: No.

Q Have you heard from the letter you sent to the two Chairmen on the Hoover and other airports?

THE PRESIDENT: I don't think so. I will see them just as soon as I can get through with my dictation. (Referring to messages and speeches.

Q Did you read Mayor LaGuardia's speech last night?

THE PRESIDENT: No. I saw the headline in the paper but I did not read any more than the headline. I think he wants us to lend money to subsidize exports to Central and South America. I only read that.

Q Any comment on it?

THE PRESIDENT: You had better ask the Secretary of State.

Q Have you received a report from the automobile manufacturers dealing with control of production in the industry?

THE PRESIDENT: Nothing since that one that I got -- what was it? -- two months ago. Nothing since then.

Q Have you had time to analyze that report?

THE PRESIDENT: Oh, yes; there have been lots of analyses of it.

Q Have you signed the RFC bill yet?

THE PRESIDENT: That has not come yet, unless it has come down this afternoon. It was not here yesterday.

Q Mr. President, can you give us any information about the conferences that Mr. Morgenthau and Mr. Hopkins held today?

THE PRESIDENT: Oh, they are just going on, more or less in and out; it is one of many.

Q Will the Public Works program be included in the relief message?

THE PRESIDENT: Well, you will know about it Thursday morning at 10.00 o'clock and the public will at 12.00 noon.

Q Are you able to say now whether you will or will not address the country Thursday?

THE PRESIDENT: I cannot tell you yet but I think probably yes. I am coming along pretty well. I dictated most of the afternoon.

Q Are you going to address the Chamber of Commerce dinner in May?

THE PRESIDENT: That is too far off; I don't know.

Q Have you taken up the helium question since the last press conference?

THE PRESIDENT: I read it and sent it back for further discussion.

Q What does that mean, the Interior Department?

THE PRESIDENT: The Interior and State and War, for further discussion.

Q Mr. President, will you bring or send your message on relief to the Congress?

THE PRESIDENT: I will send it.

Q On the helium question, Mr. President, will you tell us why you issued a new set of regulations on exports of helium in March after the one issued in January?

THE PRESIDENT: That I could not tell you except that it is a more or less technical step and recommended by the people who are turning out the helium.

Q When the Treasury established the sterilized gold fund, it was announced that it would be for monetary or credit purposes. Do you contemplate using that to commence your Public Works program or relief activities?

THE PRESIDENT: You are a little ahead of time. I cannot tell you.

Q Mr. President, will you name a new occupant for the post of Comptroller General in the future?

THE PRESIDENT: Same answer; you are a little ahead of time; I cannot tell you.

Q Do you plan any moves with respect to reorganizing the Government?

THE PRESIDENT: Same answer.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #451
Executive Offices of the White House,
April 15, 1938, 10.48 A.M.

Q How about the telephone call in the middle of your speech yesterday? (Referring to ringing of phone bells heard by listeners during the President's radio speech of the previous evening.)

THE PRESIDENT: We have not found out yet. It was somebody from the grounds. In other words, it did not come through the switchboard. It was that far (indicating about two feet) behind me -- directly behind the desk.

Q My wife thought it was our phone.

Q Somebody said it was Mark Sullivan trying to call you. (Laughter)

MR. EARLY: That phone call came through the police system, which operates independently of our switchboard.

THE PRESIDENT: Why pick on Mark? (Laughter)

MR. DONALDSON: All in.

THE PRESIDENT: I don't think we have any news today.

Q What is the telegraphic reaction, Mr. President, to your speech and the message?

THE PRESIDENT: I just asked Steve (Early). I have not seen any of them myself. Steve says there are several hundred, as usual, running about seven to one.

Q Mr. President, in your message of yesterday, you made a reference to monopolistic practices and price fixing. May we expect a further message on that subject or will that cover it?

THE PRESIDENT: No, Fred (Essary), there will be a message.

Q Is it in sight?

THE PRESIDENT: Yes, pretty soon, and also a very simple message on one of the other things I mentioned, tax-exempt bonds of all kinds, future issues, and Government salaries of all kinds.

Q That is federal and local as well as local and state?

THE PRESIDENT: Any employee of any kind of a government.

Q That will -- will it not, entail a constitutional amendment?

THE PRESIDENT: Not necessarily. There are two schools of thought on that. It depends on which lawyer you hire.

Q Which one do you hire, sir? (Laughter)

Q Do you think it can be done by statutory action?

THE PRESIDENT: There is a real belief that it can be done by statutory action.

Q What did you mean by coordination of banking supervisory authority in your message?

THE PRESIDENT: The fact that we have three agencies at the present time, under the present law, that -- keeping to simple English -- keep checking up on banks that are under Federal supervision as members of the reserve system. One is the Federal Reserve Board machinery, another the FDIC machinery and the other is the Comptroller of Currency machinery.

Q Mr. President, at your last press conference you said that you had referred the helium matter back to Secretary Ickes and Secretary Hull. Has it been returned as yet to your desk?

THE PRESIDENT: Not yet. I suppose it will come back early in the week.

Q What was the bell that rang right in the middle of your broadcast last night?

THE PRESIDENT: That did not come through the White House switchboard system, it came through the guard system. I don't know which one it was but it was one of the guards around the park.

Q We thought it was Major Bowes, sir. (Laughter)

Q They stay up all night thinking of those things. (Laughter)

THE PRESIDENT: You are a little late because one of your colleagues pinned it on Mark Sullivan a little while ago.

Q Can you tell us how far the sterilization program will expand the credit base?

THE PRESIDENT: What is that?

Q How far it will expand the credit base?

THE PRESIDENT: I don't know; you will have to ask Treasury.

Q Will you propose some kind of a check on machine production to prevent 24-hour work?

THE PRESIDENT: That has not been under consideration.

Q Would you care to go into the amount of additional taxes that might come from this exemption program, or has that been estimated?

THE PRESIDENT: I think it has only very roughly been estimated. I cannot tell you. You might ask the Treasury about that because I would like to have them give me an estimate. There is no reason why it should not be given out as an estimate.

Q Your Pan-American address was interpreted as a restatement of the Monroe Doctrine. Was that your intention?

THE PRESIDENT: I think the message speaks for itself.

Q In seeking to remove tax exemption from Government bonds, you

are referring to future issues, are you not?

THE PRESIDENT: That is right.

Q That is already in the Senate bill?

THE PRESIDENT: No. That in the Senate bill relates only to federal bonds.

Q And you want state bonds as well?

THE PRESIDENT: All Government bonds are put on the same basis.

Q That would affect the bonds issued for PWA projects too?

THE PRESIDENT: It would affect everything. Of course the whole point of it is the sixteenth amendment to the Constitution. The whole theory is based on English language, making subject to tax the income from whatever source derived. No, there isn't an exception in the constitutional amendment and that is part of the Constitution of the United States.

Q There have been some exceptions by the Supreme Court?

THE PRESIDENT: I say in the language itself there is not an exception -- "income from whatever source derived." That is just common or garden variety of English language and I go on the English language.

Q It seems fairly plain to some of us. Why couldn't past issues of bonds be taxed?

THE PRESIDENT: There is a school of legal thought saying that they can tax existing bonds, but I am not asking for that.

Q Mr. President, under the RFC pump priming, will there be consideration, in giving the loans, to people who do not raise their prices; that is, where they will agree to keep their prices down?

THE PRESIDENT: I don't know. It is the first time that question has been raised.

Q Under this new Recovery Program will you still put the final O.K. on projects that haye been authorized or that have been selected?

THE PRESIDENT: Well, Fred (Storm), we will have to wait and see what bill passes. There is going to be a bill, without question.

Q Do you want an omnibus bill?

THE PRESIDENT: That is up to the Congress.

Q Is any new loan or underwriting machinery contemplated in your reference to SEC changes?

THE PRESIDENT: No.

Q Can you tell us what you have in mind there?

THE PRESIDENT: Only -- there have been, as you know, complaints, especially on the part of companies seeking to get out small new capital issues, of the amount of paper work that is necessary. The SEC is working on the simplification of the paper work, and also they are working very hard on expediting their decisions on new capital issues, so that people won't have to wait as long as they are waiting at the present time. It should be remembered that that machinery is comparatively new and is in the process of improvement in an administrative way.

Q Will you propose an enactment of legislation to carry out the tax-exempt program this session?

THE PRESIDENT: You will have to wait and see my message.

Q How is the billion and a half of new money figured?

THE PRESIDENT: What?

Q The billion and a half figure for new money required by next June or July?

THE PRESIDENT: I don't know; you had better ask the Treasury. It is a long and involved process of mathematics. I have not the figures before me. I had them yesterday.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #452,
Executive Offices of the White House,
April 19, 1938, 4.15 P.M.

MR. DONALDSON: All in.

THE PRESIDENT: I don't think there is any spot news but I am going to make a suggestion which I think may be helpful. If, in the course of the next couple of weeks, you see a long string of people coming through this office, you needn't be surprised because most of my time will be given over to preparing for relief and recovery. There will be Hopkins and the National Youth Administration and CCC and Public Works and a half a dozen others, highways and so forth. They will probably all be coming in here very frequently because that is the principal business we have got on hand at the present time, getting things in such shape that when we get the appropriation we can shoot it as fast as possible.

Q Mr. President, have you made up your mind yet on the question of helium exports to Germany?

THE PRESIDENT: Not yet; still under advisement.

Q In connection with this string of people, it is reported that you asked Henry Ford to come down and that he has accepted.

THE PRESIDENT: So Steve (Mr. Early) told me. It is a very interesting report.

Q Has that got to do with the string of people?

THE PRESIDENT: No, it has not got to do with the string of people.

Q Is he coming down?

THE PRESIDENT: I don't know a thing about it.

Q What about your message on monopoly and the other one?

THE PRESIDENT: I am still working on it.

Q Does this phosphate situation call for a message?

THE PRESIDENT: Yes; that is in the works too.

Q That will be coming along?

THE PRESIDENT: Yes.

Q Over in the Amen Corner we were not quite sure of your reply on the Henry Ford invitation.

THE PRESIDENT: I don't know anything about it.

Q Do you plan to go to Boston on the seventeenth of June for the Bunker Hill Celebration?

THE PRESIDENT: No; I am going on the eighteenth and cannot make both days.

Q Will there be other than officials in that string?

THE PRESIDENT: I suppose so.

Q You did not ask Henry Ford to come here?

THE PRESIDENT: No.

Q The eighteenth of June -- what about that?

THE PRESIDENT: The eighteenth of June, there is a wedding in the Roosevelt family. (Laughter)

Q There is a small item in that message you sent to the Congress that several people asked about and that is the $25,000,000. for public buildings, a comparatively small item when contrasted in its size against some of those other larger ones. Anything in particular about that?

THE PRESIDENT: No, except that we got way behind on public buildings, as you all know, and we have been trying to catch up on public

buildings which pay their own way.

Q Mr. President, did you confer with Representative Scott before he introduced his resolution asking the Secretary of State to name the nations which have violated treaties with us?

THE PRESIDENT: I cannot answer your question, yes or no, in that form. He came to see me, as you know, the other day and he talked with me about a resolution, that is all. I did not give approval or disapproval at all. He merely told me he was going to put it in. That is all there is. That is where it started and where it ended.

Q The inference was drawn from his statement that you had approved of it or that the resolution had Administration backing.

THE PRESIDENT: I don't think he said that.

Q That was the inference.

Q What did you talk about with Acting Secretary Welles?

THE PRESIDENT: Just routine. He is Acting Secretary of State.

Q Can you tell us whether the public buildings will pay their own way?

THE PRESIDENT: Well, they are buildings where you have enough Government need for Government space to save, in rental, the cost of the building or the interest thereon and at the same time better serve the public convenience. That means essentially this: it means that you do not put a post office in a village that only has postal receipts of $500. a year, but you do put it into places where it is justified on business grounds, with also the added factor that in choosing the places, obviously we want to give work and that means putting them in places where

there is the greatest need for work.

Q Have you any here for Washington?

THE PRESIDENT: I don't know; we are talking about that now.

Q In connection with your stream of visitors, can you tell us in one, two, three fashion what the objectives of the newest integrated program are?

THE PRESIDENT: Read the message. I thought I tried to make it clear, first in the message and then in the radio speech, and I had hoped that you had got it.

Q My purpose is to determine the difference between this program and the previous program, if there is any.

THE PRESIDENT: There are a great many differences because conditions are different today than they were then.

Q Have the public utility conferences been dropped? We haven't heard anything of them for a long time.

THE PRESIDENT: I wouldn't say they have been dropped; we are still conferring about it.

Q Editorial writers are saying that there is still private capital to be touched.

THE PRESIDENT: I have been writing to people and talking to people. I talked to quite a lot of people in the course of the last two weeks about it.

Q Any progress made?

THE PRESIDENT: Yes.

Q Will there be a substantial flood control program as part of your relief and recovery program?

THE PRESIDENT: I think we asked for $37,000,000. more than the exist-

ing amount in the budget.

Q I mean, don't you expect, out of the general WPA allotment, to use very much for it?

THE PRESIDENT: No.

Q It would be confined to that $37,000,000. plus the other?

THE PRESIDENT: Yes.

Q Have you an understanding with McNutt as to when he intends to return here?

THE PRESIDENT: I haven't the faintest idea.

Q Can you tell us anything about the conference this morning with Senator Berry?

THE PRESIDENT: Nothing in particular. We talked about WPA work in Tennessee.

Q Anything to say about your conference with Chairman McNinch?

THE PRESIDENT: I don't think there is anything new. It was just routine stuff -- communications and power.

Q On the projected messages on monopoly and railroads and tax exemptions, do you anticipate that they will all be acted on this session of Congress or will there be a study period?

THE PRESIDENT: I don't know; wait until you see the messages.

Q We are thinking of a summer vacation period. [Accord ?]

Q Any comment you can offer on the Anglo-Italian Court?

THE PRESIDENT: Yes, by Jove, there is. I forgot it. I will see if I can find it. I have a perfectly good comment. Here it is right here. If you want, Steve can get it mimeographed for you. I wrote it out so there won't be any question about the exact language.

"As this Government has on frequent occasions made it clear, the United States, in advocating the maintenance of international law and order, believes in the promotion of world peace through the friendly solution by peaceful negotiation between nations of controversies which may arise between them. It has also urged the promotion of peace through the finding of means for economic appeasement. It does not attempt to pass upon the political features of accords such as that recently reached between Great Britain and Italy, but this Government has seen the conclusion of an agreement with sympathetic interest because it is proof of the value of peaceful negotiations."

I think that covers it all right.

Q That is for quotation?

THE PRESIDENT: Yes.

MR. STORM: Thank you, Mr. President.

<u>VERY</u> CONFIDENTIAL
Press Conference #452-A, held with
the Associated Church Press (about 35),
Executive Offices of the White House,
April 20, 1938, 2.20 P.M.

12-13-55 HCB

DR. JOHN VAN SCHAICK: (after introducing the individual members)

Well, the first man that has something burning in his soul to ask the President should speak up or forever hold his peace.

(Laughter)

Q I would like to ask, if you feel at liberty to answer, if there is truth in what Paul Anderson and Irving Brandt and even Colonel McCormick have indicated, that from here on it is going to be a fight for the New Deal, that you are definitely lined up with the Progressives and that it is going to be a fight?

THE PRESIDENT: I would not say from here on out because it has been going on all of my lifetime. It has been going on with a good deal of vigor for the past five years and I think it will continue as long as I live and as long as most of us live. I think it is a matter of principle.

Q The reason I ask the question is that Colonel McCormick has indicated that we have won two victories -- we have killed the Court Bill and the Reorganization Bill and it is a question of repealing some of the other Acts, such as the TVA Act. (Laughter)

THE PRESIDENT: I guess so. (Laughter) But they are not going to do it, so that is all right. (Laughter)

Of course, on the Reorganization Bill -- this goes a little bit into the field of all of us: As you know, the Reorganization Bill was originally suggested by President Benjamin Harrison, and

every President ever since because we have a machinery here, administrative machinery, that is awfully old-fashioned and sort of grew up like Topsy. What we want to do is to put it on the same kind of an efficient basis that we would run an industrial plant or a private charity or even the financial end of a church. We want to make it efficient.

One of the suggestions that the three people who drew up the original bill, Louis Brownlow and Professor Merriam and Luther Gulick, made was that certain functions that are in the wrong place at the present time should be put in a better place. For example, the Bureau of Education, which has certain specific powers given it by the Congress and certain specific sums of money given to it each year by the Congress, is today in the department which happens to have as its main functions the building of irrigation ditches, the running of national parks and taking care of Indians. Now, why the Federal Bureau of Education should have been put into that department, I don't know; I guess it just got stuck there, put in there because there was no other place to put it. So, in their proposal, they proposed setting up a new department of the Government that would handle what might be called the humanities, the problem of relief, the problem of public health, handle the Bureau of Education, handle the art projects of the Government, handle the cultural end of Government and the health and educational ends of Government. But, all of a sudden, there broke out -- I don't know who started it, but I do know who carried it on and one was the gentleman from near Detroit who talks on the air and who claimed that this was an attack on the educational system of the Nation

whereupon, immediately, the Members of the Congress, the House and the Senate, were flooded with telegrams that this bill would give the President of the United States a chance to grab all the church schools of the Nation, the Protestant church schools and the Parochial schools, although I don't know what the President of the United States was going to do with them when he did grab them. (Laughter)

Of course, they entirely overlooked the fact that it does not make much difference whether it is in the Interior Department or the Welfare Department or the Navy Department, for that matter, all he can do is to carry out the laws that have been on the statute books for a great many years and do it inside of a definite sum of money that has been given to carry it out. I have nothing to say about it.

That is just an illustration of the kind of false information that this country is up against all the time, engendered by political motives. I hope it is engendered by that and not by hard feeling.

DR. VAN SCHAICK: Well, you have a group of people here that are a little out of that. The Church Press is a little more independent. There were two or three matters that came up in our meetings. One was that we felt, as Protestants, a very keen desire not to have public money come to us, as Protestants, and we thought the same thing ought to apply in any democratic country to any church school. We say that with a good deal of feeling. But that was merely one of the subjects. The other was neutrality. We hope that you have been thinking of the way our neutrality laws

have been operating, have been working out. For example, in Spain, they have worked out against the Loyalists.

THE PRESIDENT: They have not, as a matter of fact, in that particular case but the neutrality law -- I am talking off the record -- but the neutrality law at the present time is so rigid that, acting on it in accordance with its rigidity, may mean a complete lack of neutrality.

I will give you two cases but, for Heaven's sake, don't print any of this because I am not supposed to talk about foreign affairs in this way.

In the case of China, for instance, I am told that when a state of war exists I have to issue -- I shall issue a proclamation that a state of war exists -- "I shall." Now, frankly, I have been beating around the bush on this Chinese thing solely based on the fact that diplomatic relations have not yet been severed between China and Japan and the reason I have been beating around the bush is in order to try to keep this country neutral. If I had applied neutrality in the war between China and Japan, it would have benefited Japan and hurt China, and that is not neutrality.

Now, that is an interesting fact, yet you and I know as a matter of fact that there is a war going on there and that hundreds of people are being killed every day. But I have taken the position, because they have not severed diplomatic relations, that I do not have to call it a war.

In the case of Spain, that is a thing that is very, very little understood. If I were, tomorrow, or if I had last month or

the month before declared that war was not going on in Spain -- mind you, I have to find the fact one way or the other -- what would have happened? It would have meant that the Franco forces, which are in control of the ocean, completely in control, would have been able to get direct shipments of munitions from this country, right into the revolutionary camp because they have complete control of the seas. By the same token, if last week or the month before I had said that there isn't any war in Spain -- I have to find that fact -- the Barcelona government could not have gotten anything from this country direct because it would have been captured by the Franco people who control the ocean. That would not have been neutrality; I would have been playing into the hands of Franco.

As the situation is today, undoubtedly there are bombs and munitions of various kinds going from here via Germany or Holland or Belgium or even England, going out from here to there and being reshipped, without our knowledge but of course we have a pretty good guess that they are going from there to Franco. It is a long, rather arduous route around. At the same time, there is also a good deal of American munitions going to France, consigned to France, and we know pretty well that it is going from France into the Barcelona government.

So, actually, as a matter of fact, we are maintaining neutrality in the highest sense, which is not to help one fellow more than the other.

Does that explain something new? It is a new point of view from what most people are getting.

Q If the embargo on arms to Spain was lifted, it would not help the Loyalists, in your judgment?

THE PRESIDENT: No, it would not; it would help Franco because the Loyalists could not get them except through France.

Q There is a concerted movement, we have been led to believe, to try to have you lift the embargo?

THE PRESIDENT: I know it, it is by the people who sympathize with the [?] Government of Spain and of course they have never thought the thing through.

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Q We are a little keen to have the Civil Liberties League [Union?] get a little more money to find out some more facts.

THE PRESIDENT: I am a hundred per cent with you. I think on the Civil Liberties end, it ought to be a continuing proposition, year in and year out, to present cases, not only the type of case that has been investigated so well but a lot of other things. As you know, there are subversive forces in this country. I suppose the easiest term to apply is to call them the Fascist element in the United States, who are able to get very large sums of money quickly into their possession and sweep the country off its feet with some kind of a great publicity move before the country has an opportunity to think about it one way or the other. They get this tremendous mass of stuff thrown at them, one way or the other, through newspapers and by letters, and it sweeps them off their feet. They can either rush a thing through or block something which, in their mature judgment, they would not be for at all. That is where it affects the civil liberties of the country. I think Beebe is doing a fine piece of work on that.

Q (Dr. Van Schaick) I saw him this morning. It is very fine of you to say so.

THE PRESIDENT: Any other thought?

Q I would like to ask you, how great is the danger of Fascism in this country? We hear about Fascism baiting in the United States.

THE PRESIDENT: I think there is danger because every time you have the breaking down or failure of some process we have been accustomed to for a long time, the tendency is for it, because of the breakdown, to get into the hands of a very small group. I am not going to repeat anything about sixty or eighty families, but (laughter) you come down to where the Vice President himself has kept harping on it all the time, then any large movement does ultimately have to be financed or taken care of through New York City, whether we like it or not. I will give you an example:

One of our southern states that I spent a lot of time in has a very large power company down there, the Georgia Power Company. There are a lot of people in Georgia that want to own and run Georgia power, but it is owned by Commonwealth and Southern in New York. They need some money. Georgia has plenty of money with which to extend electric light lines to the rural communities, and the officers of Georgia Power Company themselves want it Georgia owned or Georgia run. But they have to go to New York for the money. If it were not for that we would not have any utility problem and all of them would be owned in the districts which they serve and they would get rid of this control.

You take the new lumber companies that haven't started on this wonderful process of making print paper out of yellow pine.

One reason for the low wages of the workers in the pulp mills of Mississippi, Georgia, North Carolina and South Carolina is that practically all profits go north, they do not stay south. If the profits stayed south, the whole scale of living would go up.

I am greatly in favor of decentralization and yet the tendency is, every time we have trouble in private industry, is to concentrate it all the more in New York. Now that is, ultimately, fascism.

Q Mr. President, we are very much interested in the amount of territory that will be taken in by this expanded Navy or the enlarged Naval program. How far would you extend a defense program, say, with an enlarged Navy?

THE PRESIDENT: I would have to get you to give me two definitions first.

Q I am for it. (Laughter)

THE PRESIDENT: What would you do at the present moment -- I am not talking about 1945 -- in the case of an attack on the Philippines by some nation? The American flag is flying there. What would you do if they were attacked?

Q As long as we had them and they were attacked, I would protect them.

THE PRESIDENT: Then that shows you the limit of the American Navy in the Pacific. That is No. 1, so that answered that end. If the flag was flying there we would protect them, even though we want to get out just as soon as we possibly can. As long as the flag is flying we cannot let another nation walk in there and say, "Get out tomorrow."

Now, another thing; this is a threefold question: Suppose

certain foreign governments, European governments, were to do in Mexico what they did in Spain. Suppose they would organize a revolution, a Fascist revolution in Mexico. Mexico is awfully close to us, and suppose they were to send planes and officers and guns and were to equip the revolutionists and get control of the whole of Mexico and thereupon run the Mexican Government, run the Mexican Army and build it up with hundreds of planes. Do you think that the United States could stand idly by and have this European menace right on our own borders? Of course not. You could not stand for it.

That means we would have to have a big enough Navy to keep them from getting into Mexico. Mind you, the Mexican flag is still flying. Mind you, it is not the Spanish flag, it is not the Italian flag or the German flag. We probably all agree that we could not stand for a foreign nation doing that under the guise of a Mexican flag.

Q Isn't the three thousand miles sufficient?

THE PRESIDENT: Yes, it is a long distance across the ocean. We would not be attacked from across the ocean if they came from Mexico.

Q Yes, but there isn't any reason now for any European nation to come across and establish such a conflict in Mexico.

THE PRESIDENT: They did it in Spain.

Q I know, but that is across the Atlantic.

THE PRESIDENT: It is three days from Germany and Mexico is only seven days from Germany.

Q Would you feel -- this is a hypothetical question -- would you feel at the beginning of such activity that the Monroe Doctrine would

be operative so they could be checked at their inception rather than later?

THE PRESIDENT: Absolutely, and I will give you an illustration: In 1861 we were engaged in a war between the states and certain European nations, the French and the Austrians, combined and they sent an army into Mexico and they sent an Emperor into Mexico. We were awfully busy. We did not do anything about the Monroe Doctrine, we had too many troubles of our own. It went on for four years and finally, at the end of the war between the states, the Administration turned its face towards Mexico and said to France and Austria and Maximilian, "I am awfully sorry, you people have to get these French troops out of here in a hurry." We sent Sherman's army, or an army commanded by Sherman, down to Texas. But they had four years to get control of that country and they would be there yet if we had not done something.

Venezuela is a good deal closer to Europe. How far is Venezuela away from the United States? It is further than Mexico. As to Cuba, we would obviously do as we did in the case of Mexico. Venezuela is South America. It is only four hundred miles, it is an hour and a half by some of these modern planes, an hour and a half further than Cuba., we ought to agree that we ought to enforce the Monroe Doctrine in Venezuela. Cleveland did.

How about Brazil? It is half way to Europe. Brazil -- would we do it in the case of Brazil? Well, you have a principle established. Does the principle only apply nearby and not to the rest of the Americas? We are trying to keep an independent continent, north and south.

Let me tell you about Iowa: I have a Chinese friend who was in college with me. He is a merchant in Canton but I hear from him once a year. I got a letter from him the other day. "Do you remember me telling you about my brother away in the interior, about three hundred miles southwest of Hankow? He was very prosperous, with an awfully nice home and a fine family. He had always been a pacifist. He has opposed a Chinese Army to protect the Nation of China. He said, 'We are so big, there is nobody that would dare to trouble us.' I have never agreed with my brother."

It is a Christian family. And the other day he said, "I am very sorry to tell you that my brother and his wife and four children were killed." They lived in the Iowa of China, the Iowa of China. Those planes came over and dropped a bomb on the house where they were cooling off. They killed three hundred people in the nearby village and two minutes later they were gone. They had wiped out one of the rural communities of the Iowa of China. He never thought it could happen, I never thought it would happen and his brother in Canton never thought it would happen.

We know today -- it was in the papers -- that in 1918, before the war ended, the Germans were building a Zeppelin with the perfectly definite objective of sending her out in the spring of 1919 by way of the Great Circle Route, over Iceland, Greenland and down to New York, to drop a cargo of bombs on New York City. We have known that from the documents we picked up afterwards.

Q How can we ever defend a territory going down from Maine, through the Virgin Islands, and all the territory embraced by the Monroe Doctrine and around towards the Philippine Islands and coming

back to the United States?

THE PRESIDENT: Well, of course if you have one enemy, we are all right. But suppose you have two enemies in two different places, then you have to be a bit shifty on your feet. You have to lick one of them first and then bring them around and then lick the other. That is about the only chance.

DR. VAN SCHAICK: Thank you very much, Mr. President.

CONFIDENTIAL
Press Conference #452-B, (Off the record
conference with members of the Society of Newspaper Editors),
Dining Room of the White House,
April 21, 1938, 9.00 P.M.

(The president of the Society, Mr. Alfred H. Kirchhofer, of the Buffalo Evening News, introduced the members to the President.)

THE PRESIDENT: I can hardly realize that another year has gone by since we had a gathering in this room. I think this is a little larger one. My impression of last year is that I asked questions and you fellows got into the most awful row among yourselves. (Laughter)

I am not going to ask any questions but I am going to tell you what I said to the D.A.R. today. (Laughter) I am going to preach the same sermon to you that I preached to them. It is a perfectly good text. I said that I probably had a more American ancestry than nine out of ten of the D.A.R. I had various ancestors who came over in the Mayflower and similar ships -- one that carried the cargo of furniture -- and furthermore that I did not have a single ancestor who came to this country after the Revolutionary War; they were all here before the Revolution. And, out of the whole thirty-two or sixty-four of them, whichever it was, there was only one Tory. (Laughter) Well, they began to wonder if they ought to applaud that or not. And, I said, now I will come down to the text. It is just as good for you people as it was for the D.A.R. I am putting you in the same category. (Laughter) I said, Here is the text: Keep in the front of your heads all of the time, dear ladies, first, that you are the descendants of immigrants. And they did not know whether to applaud that

or not. Secondly, that you are the descendents of revolutionists. They did not know whether to applaud that or not. So there is the text and I won't expound on it any further.

Now shoot. (Laughter) (There was no response from the audience.)

Perhaps if nobody wants to shoot, I will read an editorial to you. (Laughter) Probably none of you have read it. It is from a magazine called "Editor and Publisher." And it is based on something that Bill White said. Where is Bill?

Q He is here. (Laughter)

THE PRESIDENT: It is entitled "Our Business Clinic." It says,

> "For a clear-headed diagnosis of current business troubles, we commend among the many appearing in this issue that of William Allen White, the Sage of Emporia. The famous editor of the Gazette, who said a few weeks ago that he had seen yesterday and today and was not afraid of tomorrow, cuts with keen words through the hysteria which has bedevilled the land for 10 years.
>
> "Mr. White is correct when he says --"

I won't forgive him for this -- the connotation of it --

> " -- that Roosevelt, Stalin, Mussolini, and Hitler --"

Now, Bill! (Laughter)

Q (MR. WHITE) Don't you want me to add Garner? (Laughter)

THE PRESIDENT: Bill, the V.P. is a great friend of Doc Townsend, whom I pardoned the other day. It is all right. (Laughter)

Anyway, these four famous gentlemen, including Roosevelt,

> " -- can all pass from the scene and that the fundamental world problem would not be changed."

Amen.

"It is a problem as ancient as recorded history and it has sharpened its business edge in the age of steam, electricity and machines. It is the problem of giving to each his share of the world's production. It cannot be solved by any single panacea. It cannot be solved in a year, a decade, or possibly a century, and human nature being what it is, we sometimes believe it may not be capable of any solution.

"Meanwhile, we've all got to live. We want comfort, according to our lights, and our ideal of comfort may range all the way from a soft mattress to a Diesel yacht."

Not an incorporated yacht. (Laughter)

"No one of us can write what he thinks is his fair share of the nation's produce; none knows how he wants his share paid. But we all want, and keep on wanting, and eventually we can hope to arrive at a compromise with Utopia that will be better than what we have.

"History may appraise Mr. Roosevelt's collision --"

I am glad he did not say "collusion."

" -- collision with the established order as an over-idealistic and impractical attempt to hasten that happy day, but it may also damn those who followed their selfish (and wholly) normal instinct of self-preservation in opposing him. And long before the historians begin tossing their dry bones around, the strange animal that is homo americanus may reach the conclusion that his savage assault against the President of the United States of the past few weeks was unreasoning and largely unreasonable.

"It is as futile to expect an armistice in politics this year as it is to look for a solution of the problem Mr. White states -- but why not let us have an abatement of hatred and vilification? They have not affected the business decline, except possibly to deepen it and to delay the rebound. They will not keep us from dictatorship, if we are bent on that nitwit experiment. They may hasten dictatorship, if political frenzy is carried to the extent of libeling a President, defeating a bill that had only superficial faults, and then calling the defeat a vote of 'no confidence' in a

man who received 70% of the popular vote 17 months ago. Dictators goosestep into power on the heels of governments which lose public confidence, and Mr. Roosevelt, despite his self-admitted lack of qualifications, may be forced to the job by his foes. If not he, someone far less qualified.

"Let us chuck politics and alibis out the window, and get down to business again."

And so we are down to business again.

Well, last year I asked all the questions and I decided this year I would not ask any of them except by way of reply to questions that could only be answered by counter questions. That is fair. Now, don't all shoot at once but here I am.

Q Mr. President, do you sense any growth of racial intolerance in the United States?

THE PRESIDENT: I should say less than there was ten or twenty years ago. I think, in other words, it would be harder to start a movement based on racial intolerance today than it would have been ten or twenty years ago. I still think it can be done. It is always a possibility but I think we are wiser and there is less sectionalism. I think we have learned a lot.

Q Mr. President, do you think the South -- what we call the solid South, will stay Democratic very long?

THE PRESIDENT: Will the solid South be Democratic very long? The South is a funny place, I have lived there a long time.

Q I have just come through the South and I lived there fifteen years every winter. That is why I asked the question.

THE PRESIDENT: I am glad you asked the question. You and I remember things that have happened in the South in our lifetime, before

you and I went down there. We remember the days of Tom Watson in Georgia. That was an appeal to prejudice. It was an appeal addressed to a very, very ignorant vote. We have to recognize that fact, because the average boy or girl in my State of Georgia -- I am talking about the average in the days of Tom Watson -- had had no high school and, as far as the grade school was concerned, they had had an average school year of three or four months. That was the condition. They did not read the daily paper, they did not read a magazine. They were getting the lowest form of pay in the entire nation, and they were therefore completely susceptible to the demagogue. And, in Georgia, we have had our demagogues, as we all know. You can still have demagogues in Georgia. It is only two or three years ago that we had Gene Talmadge. He was the red gallus demagogue. They have had a lot of demagogues in South Carolina. They had old Ben Tillman and they have had some since then. They have had them in Alabama and a lot of them in Mississippi. They swept the state, Vardaman and all those people.

The South, because it is still educationally behind the rest of the nation, is peculiarly susceptible to the demagogue. Fair? Fair statement?

Q Yes.

THE PRESIDENT: I think it is a pretty fair statement to make.

Q May I offer a comment on the general question of whether the South will be Democratic again or not? Some months ago a friend of mine -- I am from Montgomery, Alabama -- was in the State of Ohio. Somebody asked him if the solid South is still voting Democratic

and he replied, "No damn yankee is going to stop us; it is going to be the ruin of this country."

THE PRESIDENT: Let me put it this way: I think the South is going to remain Democratic but I think it is going to be a more intelligent form of democracy than has kept the South, for other reasons, in the Democratic column all these years. It will be intelligent thinking and, in my judgment, because the South is learning, it is going to be a liberal democracy. The South cannot be fooled any more by the kind of things that we published in southern magazines this past winter. The Southern Pine Association, aided and abetted by a large number of newspapers in the South, editorially and in their news columns, on the question of the Wages and Hours Bill, carried a full page ad and some of you people ran them and got paid for them. The ads were entitled, "Farmers! to arms!" And you ran them. They were paid for by the Southern Pine Association. That was a definite, deliberate inciting of the farmers of the South to take up arms. It was wholly indefensible; it was an unpatriotic act for any newspaper to publish that headline. Now you are getting it straight from the shoulder. "Farmers!to arms!" How did you dare publish an advertisement of that kind in your paper? How did you dare do it?

And then, what did it say? It went on to tell lie after lie. The chief feature of the ad was this: "If a wages and hours bill, putting a floor under wages and a ceiling over hours, goes through, you farmers, Georgia and Alabama, you will have to pay $3.00 a day to your field labor." That is a lie and every editor who ran that ad knew it was a lie. Go on.

Q Mr. President, where in your opinion is this strife between the two major labor organizations tending from a social and economic standpoint?

THE PRESIDENT: Where is what?

Q Where is it leading, the strife between the two major labor organizations?

THE PRESIDENT: Oh, I don't know. When you get that kind of a very personal row, it will end in two wings of labor that will become fairly well established and become fairly permanent, or it may end in their working out some kind of a compromise and agreement between the two. In other words, as I said to you last year, this is in the evolutionary process, similar to that which organized labor was going through in other countries twenty and thirty years ago. It is evolutionary. Probably five years from now we would not recognize or will have forgotten the existing situation.

Q We all want to see renewed confidence and renewed investment on the part of private enterprise and the consequent absorption of unemployment. Do you not think that the repeal of the undistributed profits tax will help a lot?

THE PRESIDENT: I will ask you a question. (Laughter)

Q I do not think that is fair, Mr. President. (Laughter)

THE PRESIDENT: This is an actual case and I am going to ask you what you think of it: Here are two brothers and they both inherited, each of them, $5,000,000. One brother bought the other brother out. So the brother that was bought out from the cotton mill, which they jointly owned, went up to New York. He went up to New York about ten or twelve years ago and put his $5,000,000. into

investments. He got Scudder, Stevens and Clark to tell him how he ought to invest his $5,000,000. They gave him a list of a certain percentage of Government bonds and municipals, State bonds, public utilities, some real estate mortgages, some preferred stock and some common stocks, in accordance with the best advice that an investing firm can give you. He received on his $5,000,000. investment about $200,000. a year income by way of coupons and dividend checks and, on the whole, his investment has turned out pretty well. He has been getting his income and he has been living, because he is a simple man, on about $50,000. of it. But, because he had an income of $200,000., he had to pay in State and Federal income taxes about half of it to the Government, different kinds of Government. He had about $100,000. left and, as I say, he only spent $50,000. of it and he put the other back into what you and I would call "savings." But the taxes he paid were about $100,000. a year and he figured that he did not want to engage in active work. He was very much interested, as a matter of fact, this particular fellow, in art and literature. He never kicked, he paid his $100,000. in taxes year after year.

He came down to see me. Of course, he was in the upper brackets all right. He came down to see me about two years ago and said, "I am going to ask a question. My $5,000,000. is working. I own mortgages, stocks, bonds that are actually producing goods, building buildings, maintaining places for people to live in, building new buildings, starting new enterprises. I am paying half of my total income to the Government every year." He said, "Do not ever mention this to my brother. His $5,000,000.

is in that old family cotton factory and he has made, since we parted company, about $200,000. a year profit. Like myself, he is a man of comparatively simple tastes and he spends about $50,000. a year. He only declares a dividend to himself of $50,000. a year or perhaps $60,000. a year. His tax that he pays to the Government is about $10,000. His property, his ownership in business, is the same as mine and his property earns the same return. But, because he owns this cotton mill, he only declares enough in the way of dividends to keep himself going and he leaves all the rest there to accumulate. The net result is that he is accumulating and putting to work $140,000. or $150,000. a year, but that is capital rolling up. All it costs him is $10,000. a year. I have a diversified list of investments and my tax is $100,000. a year. Mr. President, do you think that is equitable?"

I pass that question on to you.

Q Mr. President, don't you have a section in the Revenue Act to take care of cases like that?

THE PRESIDENT: No.

Q It is there in the law.

THE PRESIDENT: You have had, since 1913, a Section 102. Cordell Hull introduced it when he was a Member of the House in that year and that section says that the Treasury Department shall have the right to tax any undistributed earnings which, in the judgment of the Treasury Department, are not necessary for the surplus of the business. For twenty-five years, or not that long, for about fifteen years the Treasury Department took cases of that kind to the courts and they lost in about 99% of the cases that they

brought, because the Court said, "Who is the best judge as to what the surplus should be? Why, obviously, the owner of the business. Therefore, we are not going to take the plea of the Treasury. We are going to take the statement of the owner of the business." In other words, it was a completely unenforceable section.

The present Senate Bill attempts to strengthen it by saying that the burden of proof should be on the private company.

Now, you have a choice to make: The Treasury Department, that knows probably more about collecting taxes than any editor in the United States, or the President, says that that change in the law is what we used to call in Dutchess County, "B. S." You probably know what it means -- utter rubbish. You won't be able to prevent the thing you are trying to avoid by putting the burden of proof on the owner of the business. It is utterly absurd. Now, you and I may think it is beautiful language but the experts who have to collect the taxes, they tell the people of the United States and the papers of the United States that they cannot collect under it. There is your answer.

Q Mr. President, do you think that the incident which you have elaborated is typical?

THE PRESIDENT: I am glad you asked that question. Every person who admits the principle comes down to me and I cite an instance or two, or five, or ten, or twenty, and their answer is, "That is the exception." Now, those exceptions in terms of dollars in our lifetime are not exceptions in terms of dollars, they are the rule. In terms of the percentage of corporations that do that,

yes, they are in exception, but they are not exceptions when it comes down to the amount of money involved.

Q If there is a rat in the hayloft, why burn down the whole barn to get the rat out?

THE PRESIDENT: Exactly. That is a very good illustration.

The treasurer of a company came in to see me the other day. He raised that question, both on the undistributed earnings tax and on the capital gains tax. I said, "You admit the principle?" He said, "Certainly." I said, "The principle ought to be the principle of nondiscrimination. It ought to mean the principle that by the use of the corporate method you ought not to be able to do things that you would not do if you were in business as an individual or a partnership; that you ought not to avoid the payment of taxes through a perfectly legal tax avoidance method." He admitted the whole thing, and then I said, "Well, do you think that I ought, because there is a tremendous agitation at the present time, to say, 'Don't burn down the barn to catch the rats'?" as you say. He said, "Certainly, there come times when you have got to forget principle."

I pointed out another case to him and he said, "That is an exception." This a case of a man who owned a newspaper, a very successful newspaper. The paper had built up a large surplus, what was supposed to be a wholly adequate surplus. Now, let us assume that it was an adequate surplus, and that the paper ought to have had that surplus in order to make sure that for a lean year or two it would be able to keep going. The assumption is that the surplus was an adequate one. He died, and because most

of his money was in the newspaper, when it came to paying the State and Federal inheritance taxes, his family, his executors and trustees did not have the cash to pay it with. Well, that often happens because we Americans do not look forward to what they call "death duties" in England. The average rich man in England makes provision in various ways for death duties. But does your American, like most of us that you know, make provision for paying inheritance taxes when he dies?

Well, the trustees did not have the cash to pay it. So they said to themselves, because, after all, they were trustees not only for the estate but essentially for the paper itself, they said, "Buy some of our preferred stock that we own in the paper out of your surplus." And then, transforming themselves into the owners of the paper, they said, "All right, we will pay you such and such a sum out of our surplus for that preferred stock." As the owners of the paper, they paid to the trustees, who were themselves, enough cash out of the surplus to pay the inheritance tax. As trustees, they delivered to themselves as the owners of the paper, a certificate for X number of shares of preferred stock, which they then proceeded to tear up and put into the wastepaper basket. The estate owned essentially all of the newspaper before that transaction and after it was all over they still owned essentially the same proportion of the newspaper. In other words; while this particular owner of the paper, in my judgment, had never anticipated anything like that being done, he had, in fact, used that surplus, built it up year after year at a price of 12½% tax on earnings, whereas, if it had been distributed to him, he

would have paid about 55% on the earnings of the paper.

That is principle, just plain common or garden variety of principle. A newspaper pointed that out that has demanded the entire repeal of the tax on undistributed earnings.

Q In the specific case that would have thrown that newspaper into borrowing money in Wall Street or from the banks and would have destroyed the -- you would have put it right in the hands of Wall Street. We do not want them to control the American press.

THE PRESIDENT: If this man, knowing that some day he was going to die, had done one or two things -- if, out of his annual income, he had taken out insurance on his life, which is one of the English methods, and building up a policy to take care of his inheritance tax when he died --

Q (interposing) Which would have been taxed --

THE PRESIDENT: -- the paper would not have had to dip into this surplus and would not have had to go and borrow the money in Wall Street. Or the other English method, if he had set up a special trust fund out of his income and paid the inheritance tax out of that, they would not have had to borrow money or sell preferred stock to the paper.

Q In the specific case you are mentioning there, under the income tax rates it would have been utterly impossible to set up a fund which would amount to a sufficient --

THE PRESIDENT: (interposing) He would have taken out insurance. The British manage to do it.

Q Who can do it?

THE PRESIDENT: The British.

Q Do the British have the undistributed profits tax?

THE PRESIDENT: They have something that is the equivalent of it. They do not call it that.

Q Mr. President, in the matter of a surplus tax: In my town we have an industry which started out with eight hands and a boss. He is dead now. He had a million when he died. From year to year he put the surplus which he had into the business and one year he had $222,000. So he conceived the idea of building a nice building in our town. He wanted a building in our town -- you know I live in a little town in Wisconsin -- and he built this nice building out of the surplus. He had to borrow some money and paid 8% on it, but in two years more his surplus amounted to a sufficient amount so that he took it over and owned it in fee simple; he had a warranty deed for it.

Now, under this surplus taxation, it would not have been possible comfortably for him, with a tax on this surplus, to do those things, because the tax would have taken such a proportion of the savings out of that business that he would not have been able to do those things. And whatever things they want to do now in the expansion of this business, they are held back by this tax. Now, I do not say that this is wrong; I do not discuss it from the standpoint of its being a tax which is a robber tax. Of course I think it is, but then that is a difficult matter to prove. (Laughter)

You and I disagree and we can disagree normally. But he can't do that (referring to the putting up of new buildings). The president of this organization spoke to me a few days ago and

he said, "I would like to build a new building but I am damned if I can do it under the new tax system because it takes away from me --"

THE PRESIDENT: (interposing) Sure.

Q Now, the things you have mentioned, these few things, they are extraordinary.

THE PRESIDENT: They are customary.

Q They are not customary.

THE PRESIDENT: They are customary.

Q All right, I will agree with you.

THE PRESIDENT: The man who owned that paper, he made $220,000. a year. What was that? That was a profit on his money, wasn't it?

Q I wish I could do that.

THE PRESIDENT: So do I. It was a profit on his money. If he did not happen to have it in this one thing, a newspaper, on this $220,000. he would have had to pay about $120,000., as, for example, if he had had that income from fifty different newspapers. In this case he happened to own one newspaper and therefore he asks that that $220,000. pay only a 12% tax instead of a 55% tax. Principle?

Q Yes, but he might have had some expansion. I am going through, right now, all of this agony of a man who died and owned a newspaper and I happen to be the fall guy and right now I am trying to straighten this inheritance tax out and God knows what we will have when we get through. We might have enough to pay one man, one in the Newspaper Guild, one salary for one week. But what I am trying to impress upon you, Mr. President, from your place here in Washington, where you look over this country, where you see my

State with all of those small industries, who have to build up little things, --

THE PRESIDENT: (interposing) Right.

Q -- from time to time must have to build up a little surplus for expansion and to make more people work in those places. We have got 2,721 factories gone out of business since March 4, 1933, Mr. President, in my State.

THE PRESIDENT: How many went out between 1929 and 1933?

Q No, I have got them all dated from cheese factories down and we need this surplus so that we can build up there without extraordinary taxes to take it away from people who want to use it for expansion.

THE PRESIDENT: Has anybody called your attention to the House Bill?

Q Yes, I am sorry I have, too.

THE PRESIDENT: It says this: It says that the average standard corporation tax is to be greatly increased over what it is now. It is to go as high as 16%. Now, you are a corporation. You are making $25,000. a year. You can soak the whole of the $25,000. You are talking about these heartrending, sobsister stories about the little corporation that is just getting by. With the little corporation, under the House Bill up to $25,000. a year profit, which is not to be sneezed at, you can put all your earnings back into the property. You do not have to distribute any of them. You pay the normal corporation tax of 16% and then from there on, up to the corporation that makes $75,000. a year, you get a special preference because you are a little fellow.

Let me go on the air sometime and talk about these little

fellows, little corporations, the little small fry that are only making up to $75,000. a year. Why, they are poverty-stricken, just paying $75,000. a year. And, because they are so small in their profits, they get a special exemption, too. They can distribute almost all of their profits without any penalty whatsoever.

And then when you get to the corporations that make over $75,000. a year, of course the average citizen in this country figures out that that is a pretty successful corporation. Then what happens? If they don't distribute all their earnings, mind you, they get a 30% exemption right away to start with, and if they do not distribute the other 20%, they are subject to a 4% penalty, which raises their tax to the enormous sum of 20% a year instead of 16%. Now, has that been brought out? It has not.

Q I want to say, Mr. President, that out of a report of the earnings of some 6400 industries in the State of Wisconsin, only eleven earned in excess of $75,000. a year. You see, the rest of them are poverty-stricken.

THE PRESIDENT: Then the House Bill only affects eleven out of 6400 in the State of Wisconsin?

Q We would like to make more, Mr. President.

THE PRESIDENT: It affects only eleven.

Let us go one step further. The Senate Bill eliminates that 4% for withholding dividends from distribution, eliminates that tax entirely, and substitutes for it an additional 2% on all of your 6,000 corporations in the State of Wisconsin, making a flat 18% corporation tax instead of 16. With this net result -- that I have only seen mentioned in about half a dozen major papers in

the United States -- that your 5,989 corporations in Wisconsin will have to pay 18% on their earnings instead of 16% and, by the Senate Bill, you are helping eleven on the condition that they do not want to distribute 70% of their earnings.

Q Mr. President, I might say that I am opposed to both bills.

THE PRESIDENT: Yes, all right. But we are talking about a practical proposition. Under the Senate Bill you will obtain $30,000,000. more revenue from corporations as a whole than you will under the House Bill. Did you ever print that? In other words, corporate industry in the United States is soaked $30,000,000. more by the Federal Government under the Senate Bill than it is under the House Bill. Now, that is an interesting fact. You are soaked $90,000,000. more to the smaller corporations and $60,000,000. less to the larger corporations, or a net increase in the burden on industry under the Senate Bill of $30,000,000. more than under the House Bill.

Q Mr. President, do you see any hope of the House and Senate conferees getting together on the tax bill?

THE PRESIDENT: I hope they will, very much. If you were sitting here in my place, as President of the United States, what would you do? Would you say, like my friend of this corporation, in this kind of a situation, "Forget principle"? Would you say that?

Now, we can work this thing out if we approach it from the point of view of giving to the public both sides of the case. I want principle in this country maintained.

Now, coming to the second phase, if you don't mind, capital gains: Back in -- some of you people are a little bit older than

I am; I think Bill (William White) is a little bit older than I am -- wasn't it in 1888 that the Democratic platform contained a recommendation for income taxes?

Q (Mr. White) I do not remember. I have had such hard work earning a living that I never looked into the philosophy of taxation. (Laughter)

THE PRESIDENT: Well, anyway, it became one of the major party items. The main thought was an income tax based on the ability to pay. It may have been 1884, in one of the Cleveland administrations, they passed an income tax on the graduated basis. That is to say, the more you made, the higher you paid. It was declared unconstitutional by the Supreme Court and it was reintroduced into every Democratic platform, in 1892, 1896, 1898, 1902, 1904, 1908, 1912 and finally a Constitutional amendment was passed levying a tax on income from whatever source derived.

The Congress in 1914 passed an income tax law and a capital gains law. Both of them were based on the theory that there are a great many people in this country who increased their income by different means, some from rents and royalties, some from dividends, some from the interest on bank accounts or bonds, and some of them from trading operations in real estate, in stocks or in bonds. The first income tax law that was held valid incorporated the principle of a graduated capital gains tax as well as a graduated income tax on the theory that both of them were taxation of increases in wealth. That, I take it, has been a fairly consistent principle of the American people from that date to this. It happens to be a quarter of a century.

The House Bill recognized what was probably the fact, that the existing capital gains tax was too high. They therefore reduced it, and they reduced it to what was considered a fair differential, a fair graduation of rates that you paid on capital gains. I was entirely willing to go along with it as long as they maintained the principle. That is the principle and it is the American principle. The Senate, however, abandoned the American principle, adopted and held for a quarter of a century, and said this -- and I will give you an illustration: The other day I had two men come to visit me, both of them old friends. One of them has got -- he is about as rich as I am, which does not mean much. Last year, a few years ago, he bought a couple of hundred shares of stock and he has got a nice little profit, even today. He thinks the company is doing well, but he does not want to hold it. He has a $5,000. capital gain in it and he is willing to pay his 15%. The other man who came in has a block of 10,000 shares of a certain stock that he bought at 20 and can sell tomorrow for 70. He has a net profit in that of $500,000. He is all for the Senate Bill because the Senate Bill would only tax him 15% on a half million dollar profit, just like the little fellow, who has a $5,000. profit. Therefore the Senate Bill is a complete negation and abandonment of what has become an established American policy.

Now, what do I do? Do I say again, "Oh, well, let us encourage business, to Hell with principle"? And a lot of you are asking me to do it.

Q What you refer to as principle is not principle in a moral sense;

it is just a theory on one sort of taxation.

THE PRESIDENT: Well, I don't know. I think it goes a little deeper than that.

Q Is it a moral principle?

THE PRESIDENT: I do think so.

Q That is what is meant by principle.

THE PRESIDENT: I think it is a moral principle. In other words, I think that the man with an income, whether it is from capital gains, or stock, or bonds, or a newspaper, who is making a million dollars a year -- and we know a good many people in this country who are doing it; there are somewhere around fifty or sixty at the present time who are making a million dollars a year or more -- I think he ought to pay a larger percentage of his income to his Government than the man who is making a salary, as a managing editor, of $10,000. a year.

Q Well, I do not think anybody disputes that.

THE PRESIDENT: I think that is principle; I do not think it is a theory of taxation.

Q Isn't the argument for the abolition of capital gains the general benefit the country would have from increased transactions rather than the benefit of saving taxes for the comparatively few taxpayers who actually sell things at a profit?

THE PRESIDENT: "The hands of Esau!" Now, this same fellow who has got a profit of fifty points on 10,000 shares of stock -- I have known him for a great many years -- I said, "You want to sell it and keep your profit? What will you do with it?" He said, "I have got two or three pretty good lines." I said, "What do you

mean 'lines'?" He said, "I have watched two or three things that I can go into, things that I think have got a big future ahead of them where I can get in on what you and I would call the ground floor."

"Well," I said, "they are going concerns?" "Yes."

And I said, "You want to put your money to work?" "Yes."

"So you would put your money in as new capital in these firms, this half million?" He said, "I will go out and buy my stock on the Stock Exchange, as I did before."

I said, "Is that putting new capital into these companies? No, you are only transferring ownership from A to B. That is not putting new money to work."

Now, half the people, when you come down to it and analyze it, fall into that category. You are not putting your money into new business, you are going and buying something from somebody else.

Q Can you tell us about your expectations on private spending and private investment?

THE PRESIDENT: Let me put it this way: Somebody at the Press Conference the day before yesterday asked me what was new about this new program. I said it was a new phase. It is going to work, provided the country gets the truth told about it, provided we get all angles presented to the public, provided the element of fear is eliminated with the help of everybody in the United States.

In other words, if we work together on this thing, it is going to work. If we do not work together on it, it may fail. At the present time, the responsibility for that rests more essentially on the Press of the country than it does on the business

of the country.

Q What would you suggest that the Press tell business?

THE PRESIDENT: I would not tell business anything.

Q Treat them rough. (Laughter)

Q Mr. President, do you think the American Press -- we are newspapermen here and not stock market speculators and not anything like that -- do you think the American newspapers have been unfair?

THE PRESIDENT: I do not think they have been unfair but I think they have been more responsible for the inciting of fear in the community than any other factor.

Q I would like to ask you, Mr. President, in what particular?

THE PRESIDENT: I will give you, if you want, examples. I can multiply them about a thousand times.

As my old friend up the river says, I broke out of the papers the other day some clippings. Here is an example: The other night, oh, three nights ago, two nights ago, there was an A.P. story. Well, I never expect an A.P. story to give my side in the lead. I have not for years and I have always managed to survive.

Q Do you think the A.P. is unfair to you?

THE PRESIDENT: I am not saying they are unfair. Listen, let me finish: Every time, for example, that there is a debate in the Senate -- well, you have got, what is it, 11, 12, 13, 14 Republican Senators, 3 or 4 Progressives like George Norris and La Follette, and you have got, oh, a half dozen, 6 or 8, old-line Democratic Senators who, if they lived in the North, they would not be Democrats anyway. All the rest are Democrats.

Now, what happens? You have got a very small minority, less

than a third who are not Democrats and Arthur Vandenberg gets up, somebody else gets up, Carter Glass gets up, and makes a speech. Then the majority of the Senate hops all over him and makes some speeches on the other side.

Now, what is your lead? I know the mechanics of the thing. Your lead is based on speeches coming from less than a third of the Senators every time.

Now, on your Press associations, especially the A.P., they will, in their second or third paragraph, mention the fact that Alben Barkley or somebody else replied, and they will give them space, but your lead and the headlines of 85 per cent of the larger papers of the country will feature the speech of the Minority Member of the House or the Senate.

The other day, there was a party on the air. There was Vandenberg and on the Democratic side there was Senator Hill of Alabama. Well they each, I think, had whatever it was -- half an hour on the air and the first I knew about this fact -- I very rarely listen on the radio and I had not arranged it in any way -- so the next afternoon I got the first edition of the New York Sun and I read the headline, "Huge Recovery Plan Attacked by Republicans; Vandenberg Denounces Roosevelt Relief Program; Says Pump Priming Means Bigger Debts, Bigger Deficits." Then there is the Washington headline, A.P., and it goes on. This is the main story, right-hand column. And it goes on, "continued on page 7" and talks all about what Vandenberg said. And then it goes on and talks about what John Hamilton gave out.

"Well," I said to myself, "that is funny for the A.P. I do

not believe they left out what Mr. Hill said, but there is not a peep, there is not a mention of Lister Hill in the Sun." So -- it happened to be on my bed that night -- I happened to pick up another New York paper and this story carries the whole of the A.P. story. Now, this A.P. story in its lead mentions the anti-New Deal attacks of the Republicans, it mentions Hamilton in the second paragraph and eventually, in the third paragraph, it talks about the feeling in the Congress. In the fourth paragraph it talk about the Administration side. That was left out of the Sun story. The fifth paragraph, it talks about my weekly conference with the Congressional people -- that was left out in the Sun. The sixth paragraph, (reading) "The Vandenberg speech was made during a broadcast with Senator Hill of Alabama. Hill said --" And then Hill's remarks were carried in the seventh, eighth and ninth paragraphs. In other words, outside of the lead, the A.P. did give you a truthful newspaper story. It did not mention Hill in the lead but, further down in the story, it said what Hill said. And the New York Sun deliberately cut out what the A.P. had said to them. If you people think that is fair newspaper editing, I do not. Now, you find hundreds of cases of that kind.

Then, there are papers that have got their special bureaus in Washington. You know perfectly well that the special bureau chiefs down here, they write what the owner of the newspaper tells them to write, and they leave out half of the truth. They give a one-sided picture to the American people.

Q In the Sun of the previous day, did they not carry, in full, your Address to the Congress and your radio remarks of the same day?

THE PRESIDENT: Oh, they have to do that. That is not what I am talking about.

Q Can you name an instance in the history of the world where continuous borrowing has led to anything less than a great catastrophe?

THE PRESIDENT: Yes. Read the history of England during and after the Napoleonic War. Read the editorials and get the figures and facts. You can get them from the London Times. It is an amazing story.

Q William Allen White said, "Treat the businessmen rough."

Perhaps he means from the Kansas point of view. I am from the New England industrial region. I have never seen industrialists in our section more down in the mouth over the troubles they are facing, and it comes primarily from the taxation, from the things that we have been discussing here. They have surpluses which they have been in the habit of keeping through generations, in looking out for the rainy day. May I ask, under this load of taxes, who is going to hold the umbrella over those corporations in the rainy season that seems bound to come? Is the Government to hold the umbrella or who is to hold it?

THE PRESIDENT: That is what I would call an extremely unfair question because they are allowed to put 30 per cent back and any amount up to 100 per cent at a 4 per cent tax. That is not going to prevent them.

Q If the going is good, but unfortunately the people up there are not like people, your friends, who are buying stock at twenty and selling it at seventy.

THE PRESIDENT: Your corporations in New England are, unfortunately, not earning the $75,000., which would be exempt, therefore they are not exempt at all.

Q I think there are a good many Washington correspondents who are accredited from Washington papers. I have never got an order from my publisher, in all the fifteen or sixteen years, to write a story one way or the other. I might have written your story wrong, but I never got an order. I think it is true of the bulk of them.

THE PRESIDENT: It is true of a great many. But, do you know the number of people who have resigned all over the country because they could not go along with the orders they have got. We get them every week. I have got a letter here from an exceedingly good editor who was fired for writing a pro-Administration editorial -- two of them. However, he is now asking for a job. He says he will take a hundred dollars a week.

Q He will get it, too, won't he? (Laughter)

Q (Mr. William Allen White) I think I have a little comfort for you. Seven years ago I was down here on another visit here, and a man tapped me on the shoulder and said that the President wants to talk to you, and here, in this hall, walking up and down, was the President. And he was talking about conditions and grumbling with his hands behind his back. He said, "Look here, here is the New York World; here is the New York Sun."

Now, what is the difference between a Republican paper abusing a Democrat and the Democratic paper abusing a Republican? I would forget it. That is the way they make their money and that is the way they want to run their paper. It cannot hurt you and it gives them some comfort. (Laughter)

THE PRESIDENT: Well, there are two points I would like to make on that: You never saw me walking up and down with a long face because of

anything I ever read in any newspaper. There is a difference from the incumbent of seven years ago.

Q It was the same intestinal disturbance. (Laughter)

THE PRESIDENT: Number two, I do not think, taking it by and large and speaking seriously, that the New York World at that time, and other papers that brought out unfair attacks on Mr. Hoover, did the Nation very much good. I do not think it is to be condoned because of the fact that editors and papers and candidates -- and candidates -- did it in the past and that, therefore, it is all right to do it again.

Q (Mr. William Allen White) I don't either; I did not think so then and I do not now.

THE PRESIDENT: I do not think it helps the country. The point that I get back to, the point that I made before, is that the Press can be largely responsible for cutting out the petty stuff and getting their shoulders in behind national recovery, if they want to do it. They won't hurt me. Oh, no! It is a much bigger thing than any individual. But they may hurt about 125,000,000 people. They have a very great responsibility. The responsibility is based on a very simple effort that I hope the Press will make, and that is to tell the whole story, both sides, evenly, equally and fairly, without recriminations, without the kind of petty stuff that we have been so accustomed to, both from the New York World of the old days and the Chicago Tribune, let us say, of these days. It does not do the country any real good. As I have said, now for the fifth year, you are only hurting the Press. People like to read the Walter Winchells and the Paul Mallons and

the other columns; they like to read the amusing stories, the Pearson and Allen stuff, and so forth and so on. But, in the long run, they are getting to the point of saying, "Oh, hell, it is funny, it is grand; I love to read it every morning but what can I believe? I have read so much of this sort of stuff now for years and years." And I want to tell you, with due solumnity, that we are beginning to get a phrase in this country that is not good for this country; it is bad for this country and it is bad for the newspapers: "Oh, that is one of those newspaper stories."

Now, that is an actual fact, and, mind you, I am more closely in touch with public opinion in the United States than any individual in this room. I have got a closer contact with more people than any man in this room. I get a better cross section of opinion.

Do not fool yourselves about "yes men." I have had them ever since I have been in public life. I have paid more attention to the "no men" than I have to the "yes men." I can tell a "yes man" inside of a couple of weeks of association with him. I do not get fooled.

You, all of you -- it is an essential thing -- it is not a derogatory statement on my part -- you cannot get a national picture the way I can. You cannot understand, no matter how hard you study the thing. You cannot understand the rounded aspect of the national problems the way a man right here in Washington can. You cannot begin.

In the first place, nearly all of you are essentially -- you business is a local one. Some of you are connected with chain papers, you rely to a certain extent on the judgment of people who,

again, are in the local field. There is not a newspaperman that comes into my office that understands the ramifications of the national problems. They try awfully hard and they are a grand crowd. I am for them -- I won't say a hundred per cent, but I am for them ninety-five per cent. Among any group, lawyers, doctors, clergy and editors and politicians, there is a certain percentage of people out of a hundred that you cannot trust. In the newspaper game those boys down here in Washington have as high a standard of ethics and morals and fair play as any profession in the United States. I take off my hat to them. But a lot of them labor under a very big handicap. It does not trace back, of necessity, to their editors. It traces back to the owner of the paper, essentially.

Q Are these charges that you lay at the door of the newspapers -- do you find that true of the majority of the newspapers? When you say, "the Press as a whole," we would like to know how many you find that true of.

THE PRESIDENT: It is awfully hard to give figures. In the first place, I would eliminate practically all the country newspapers because that is a different story. But take the newspapers that subscribe to A.P. or U.P. I would say that eighty-five per cent of them have been inculcating fear in this country during the past year.

Q Mr. President, do you think that has been intentional on the part of the owners of the papers? Do you think eighty-five per cent of the owners of the papers --

THE PRESIDENT: Yes, intentional in a perfectly natural human way. The owner of the paper has seen the thing from his own personal view

and, if I were the owner of the paper, I might do the same thing.

Q There has been interest in Congress on the matter of American neutrality. I wonder if you would comment, possibly on the Scott Resolution and also on the broader question of achieving neutrality through legislation?

THE PRESIDENT: This being off the record, I think I can tell you the story the way I told it to Bill Borah (Senator Borah) today.

Senator Borah came down to lunch with me and he has been a good deal disturbed -- a good many of us have -- by the fact that this country has split up and become so emotioned [?] over the Spanish situation. Well, we had an extremely satisfactory talk and when I had explained the Spanish thing, he said, "I think you are a hundred per cent right and, if you get a chance, I hope that you will tell the public the story you told me."

Well, I hesitate to do it. I have not had a chance to talk to Steve (Mr. Early). I thought of doing it tomorrow morning at the Press Conference, but I do not know whether, in Press Conference, in formal conversation, the idea can be got across.

Now, as he and I both agreed, the object of neutrality is to prevent the United States from doing two things: first, from becoming involved in a foreign war; that is the first. The second is, in the event of a foreign war, to put the United States in a position where it won't help one side or hurt the other side. In other words, where we will be fair to both sides in the conflict.

Then I went back and I pointed out that, when the Spanish Revolution broke out, after it had been going for a comparatively

short time, they began to kill a lot of people. In other words, from that point, it was war. It was generally recognized by the world as a civil war, which came under the Act.

The Act, however, to my sorrow and to Senator Borah's sorrow, attempted to lay down a mandatory rule. As he said to me today, it is impossible in English language, in the form of a statute, to anticipate every future foreign trouble that may happen because every one is apart from every one that happened before.

Well, we had undoubtedly a Spanish civil war with apparently two equal sides, both sides, both the Spanish Government and Franco had navies of approximately the same size; they were about equal. Therefore, we figured, that being a war and by declaring that there was a war and that therefore the Neutrality Act applied, therefore there would be an embargo by us on the shipment of planes or munitions or guns or anything else. In that way, we would not be favoring either side. For several months that resulted in a fairly strict neutrality. We did not help one side more than the other. Very few shipments of planes or munitions or guns went out of this country and got into Spain on either side.

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Then the advents [events] of war brought about a situation where Franco got complete control of the sea, which meant immediately -- and he has had it ever since -- which meant in fact that if, by some hook or crook, I could determine that there wasn't any war in Spain and thereby allow the shipment of arms to both sides, both to Franco and to Barcelona, the effect would be that Franco, controlling the sea, could send his ships directly to the United States and load them up with bombs and airplanes and anything else that he could

buy and take them over right to his own army, because he controlled the sea.

The Spanish Government, the Barcelona Government, because it did not control the sea, would not be able to buy anything by direct shipment to Barcelona or Valencia. Therefore, to have changed the neutrality proclamation in the last few months would have been definitely aiding and abetting the Franco Government.

Now, as a matter of fact, the situation is this: We have also read about this terrible, inhuman bombing of the civilian population in Barcelona. We have also read -- and while I have no information on the subject, it probably is true -- that American made bombs have been dropped on Barcelona by Franco airplanes. That is possible. If those bombs were of American manufacture, they were bombs that were sold by American manufacturers to Germany, that is to say, either to the German Government, which is a perfectly legal thing to do, or to German companies, which is also perfectly legal, and they were shipped to Germany and reshipped down to Franco's forces.

At the same time, we also know that there have been munitions which have left this country and have been sold in France. That is a perfectly bona fide sale. These sales, either to the French Government, or to French agents, or French companies -- we being at peace with France and they being entirely legal, there being nothing on the face of the sale to show -- in all probability, a good many of these shipments have all gone to the Barcelona Government, so the net effect of what we have been doing in the past year and a half has been as close to carrying out an actual neutrality -- not

helping one side against the other -- as we can possibly do under the existing law.

Now, the same thing applies to the Japanese-Chinese situation. In that case we have not put into effect the neutrality proclamation for the very simple reason that if we could find a way of not doing it, we would be more neutral than if we did. We have found a loophole. Diplomatic relations between China and Japan have not been broken off.

Now, if we declared neutrality, what would happen? Japan could not buy any munitions from us, but they are not buying them anyway. China is buying munitions from us via England, via Singapore, via Hong Kong -- not direct -- through English purchases and, undoubtedly, American munitions are going into China today. But, on the other hand, Japan has complete, free access to all of our raw material markets because they dominate the ocean. They are buying their copper, their oil, their cotton -- they are buying all kinds of things, scrap metal by the shiploads, which is going into munitions, and they would be able, under the Neutrality Act, to continue to buy oil and copper and scrap metal.

Therefore, by virtue of this excuse that they are not at war -- it is only an excuse -- we are maintaining, in fact, a neutral position.

Q We are achieving that, despite the neutrality?

THE PRESIDENT: Despite the neutrality law and that is the trouble of a neutrality law that attempts to tie the hands of an administration for future events and circumstances that no human being can possibly guess at.

Q Would you mind saying what your thought is on the Scott Resolution?

THE PRESIDENT: The Scott Resolution is a perfectly simple thing. It asks the State Department, in effect, to repeat to the Congress what is already known to everybody. That, in the case of Ethiopia, we took such and such a position. That, in the case of China and Japan, we took such and such a position. And, I think it will be answered in that way. We will simply lay the records before Congress of what we have said and done in the last two years.

Q There is something that I do not quite understand; perhaps you would be willing to explain. I think, in your last Fireside Chat, you spoke about certain legislation this Administration got through, the T.V.A., the Wagner Act, the Utility Act and others. I think you admitted they were not perfect. Why has not legislation started so that they would not be one-sided?

THE PRESIDENT: For this very simple reason: The Wagner Act ought to have various amendments made to it, but we are a funny people over here. We at once go to the extreme, both one side, labor, and the other side, the employer. We all get upset and excited and we say things we do not mean and we make over-statements.

Now, in England, when they put social legislation on the statute books, they do it with the knowledge that every year or so they will amend it. Social security (over there) went into effect in 1911 and I think, without exception, every Parliament has amended it. Now, how do they amend it? They have a Royal Commission that looks it over; it is nonpartisan, there are businessmen on it and there are labor people on it. They decide that the thing needs certain improvements made on it. The Royal

Commission makes a report to the Parliament and the thing goes through, almost automatically, without fuss or feathers.

If we had that temperament over here, we would have improved the Wagner Act this year and improved the Social Security Act this year, keeping them out of politics.

Q Perhaps that is what Congress needs?

THE PRESIDENT: I think you are right.

Q Why does the National Labor Relations Board regard itself as a bunch of prosecutors instead of a fact-finding body?

THE PRESIDENT: Well, that is a statement, and I do not know that it is wholly justified. I think it is in some cases but on the other hand, there is another side to the picture.

Let me tell you a story that is known to four or five of you who are here tonight; there is a certain cotton mill in the South. The conditions in that cotton mill -- the conditions of wages are good; the conditions of housing are good. They are well above the average. As long as ten or twelve years ago the owners of this mill abandoned the company-owned house. Pretty nearly every operative in that mill owns or rents his own house. The cotton mill does not own or rent any houses at all. Taking it by and large, the conditions of employment are good. They have had very little labor trouble.

Not long ago, the United -- what do they call it? -- the Cotton Textile Workers' Union, in pursuance of organization provided for in fact by the law -- it is perfectly legal -- they sent down to this town two organizers. Well, I happened to know one of them and that particular man is just as good an American as

anybody in this room. He is a labor organizer but he is a damned good citizen. He took with him another man; I do not know him but his reputation is exceedingly good. They went down to this town with the specific purpose of seeking to create a union among the textile workers. They got in town about ten o'clock in the morning and they went at the noon hour -- they had a list of eight or ten of the operators. They were going to see them at the noon hour. So they went to the factory and they asked, "Where is so and so? Where can I find so and so?" They were engaged in asking questions, when one of the mill police tapped him on the shoulder and showed his badge and said, "Come with me." He said, "We have not done anything; we are outside and on the street and just asking to see some fellows." "Oh, we know; come with me."

They were taken to the police station and locked up in a cell on the charge of vagrancy. Both of them had, oh, fifteen or twenty dollars apiece in their clothes. They said, "We are not vagrants; we came down here from such and such a city." "But you are organizers." "Of course we are organizers." "Well, you are in a bad place."

They were kept in jail until five o'clock, just before dark, and the judge came in and said, "What are you doing here?" "We are down here to try to start an organization of the textile workers of this mill."

"That is what you think," he said. "Ten dollars fine and out of town before six o'clock, and do not come back."

They did not know what they were fined for but they paid the fine, and as they went out of the courtroom, one of the marshals,

or policemen, went up to them and said, "Which way are you boys going?" They said, "We have got to get out of town and we thought we would go to such and such a town, ten miles away."

"Well," said the policeman, "I will give you a lift; I turn off two miles short."

They rode with him and he said, "This is where I turn off." They got out and started to hike down the road. They went about a quarter of a mile and out of a clump of bushes came some men with blackjacks and they got the worst beating up that any two people could get without getting killed. They spent a week in the hospital and they were served notice by a man who brought the message, "Do not go into that town." Now, those were authorities of that government, town and county.

Now, you do not get those facts and that is one reason why the National Labor Relations Board sometimes tries to bring out facts of that kind. It is their duty to do it. They have a perfect right to go into that town. It is their duty.

Q Mr. President, what would you do in a case like this: There came into Tupelo, from Baltimore, a C.I.O. organizer. He did not know a blessed thing about conditions in that community. There was a cotton mill. The workers were satisfied with the working conditions. They had good houses and all of their children were in school.

Those organizers proceeded to organize a C.I.O. body. Well, the owners of the mill said, "We cannot meet your terms and conditions. We are just barely keeping our heads above water and so, therefore, we will close down the mill. We will simply liquidate."

As a result, 400 workers were thrown on charity.

Well, the people who took the load became tired of supporting those 400 idle workers and a few nights ago they took the C.I.O. organizer out and gave him a fairly good strafing, although not as good as he should have had. They had a woman and they gave her a little beating up, too.

Now, there are 400 people destitute because they came down here and disturbed the conditions.

THE PRESIDENT: Were they a majority of the mill?

Q There were none of them keen about it. There were just a few in there. The majority of them did not want it.

THE PRESIDENT: Did the majority join?

Q No, the majority did not.

THE PRESIDENT: What did the National Labor Relations Board do?

Q The National Labor Relations Board apparently got a man down there to hold a hearing at the mill and he started the hearing after the mill closed.

There you have a case of force and that ought not to be allowed to close the mill. That was ten per cent and they had no right to close the mill.

THE PRESIDENT: The answer is not in beating up. The answer is going to the courts about it. Now the machinery -- heavens above! -- the machinery needs improving, of course it does, but do it the English way. Do not damn everybody about it. Try to get the thing improved.

Q Is it true that the press is taking an unfair advantage of the National Labor Relations Board when it prints that defendants

before the Board were absolutely prohibited from presenting their testimony as they chose to present it? Is that another evidence of the unfairness of the press?

THE PRESIDENT: You will have to give me a specific case on that. I was once a lawyer and I know that by the presentation of testimony you can tie up a case for weeks, if you want to. It is a very simple thing. It depends on the judge. Again, you may be before a court that shoves off too fast.

Q There was an important decision last week. I confess I have forgotten the title. It was a steel concern. They were denied the right to testify.

THE PRESIDENT: Now, you talk about the press. Every month, on the average, since that particular Board has been going, they have handled approximately 200 cases. At the end of the month they give a report on what happens. Out of the 200 cases, you will find on the average that 185 have been settled by some local arbitrator and they never turned up in Washington. That is about 185 out of 200. You will find that another ten, out of the fifteen, are still pending, without any proceeding whatsoever and that, out of 200 cases, there will be five that are not settled or are in the process of being settled. Well, 195 cases out of 200 is a pretty good average.

Now, those figures are given to the newspapers every month. For one solid -- I will put it this way: For the first month after the Board made its report, it was printed in the papers that they had settled 195 out of 200 without fuss or feathers. From that time, there never was a word about that monthly report. About

a month ago, I told the Press about it in a Press Conference and it was printed only because the President of the United States called their attention to it, and pretty nearly everybody sent a story to their papers about it. Half the papers did not print the story. It was not on any first page. Most of the stories were cut from half a column down to a clip on the fourteenth page. Now, those are facts.

Q Do you think it would do any good for the Government to conduct elections in a great many towns where there seems to be uncertainty so that no one knows which side is in the majority and they sit around, not knowing what will happen, because the C.I.O. doesn't work and the other side can't work. Couldn't the Government go in and have an election?

THE PRESIDENT: My opinion is, yes, and that we ought to do it.

Do you remember the Detroit case in 1934, when that automobile strike threatened? Do you remember, I appointed a board of three, that they went out to Detroit and they, this board of three, ran the election themselves? I think it is a good thing to do.

Q I am from Canton, Ohio, and a couple of weeks ago, the National Labor Relations Board decided in a steel case that the company should deal with the C.I.O. if they are in the majority. A couple of weeks ago they decided that the company union should disband itself, yet there is a feeling that it is in the majority. Should the Government go in and decide?

THE PRESIDENT: I think they should do it. When either side raises a question on the actual representation, I think the Government

should have a vote under its jurisdiction.

MR. ALFRED H. KIRCHHOFER: It is with reluctance that we will have to take our leave.

THE PRESIDENT: It is grand to see you. But I do want to repeat, in the utmost friendliness, that this situation is very largely in your hands. And, do not worry, it is nothing in your own lives. [Not?] Now a bit. That part of it is easy. I am thinking about the American public and I am thinking about the newspapers of this country. I do not want them to lose their influence as newspapers giving all the news. I feel very, very strongly about it for the sake of the public and even for the sake of the Press and if, from now on, we can have a presentation from the Press of both sides of the news, it will be a perfectly magnificent thing.

I will tell you a story: A year and a half ago, when John Boettiger went out to take charge of the Seattle Post-Intelligencer, we all knew he had a hot potato. In the first place, he had a paper that ran between three and four hundred thousand dollars a year in the red. That is no joke. In the second place, he had old man Hearst as a boss, which is no joke either. (Laughter)

However, he had got a pretty good understanding out of the old man, Hearst, that he would not have to run those box editorials that Hearst wrote. Well, that was something. (Laughter) That was a gain. Then, in addition to that, he was going to a city that has had more violent labor troubles than almost any other city in this country.

He said, "What would you do?" I said, "Two pieces of advice from a student of publicity. Eliminate your editorial page al-

together. Nobody reads it."

Now, that is horrid for me to say that to you. Old man Ochs told me a great many years ago -- not so many, about four or five years ago -- that in his judgment only eight per cent of the readers of the New York Times read any of the editorials, and less than half of one per cent read one editorial all the way through. Now, that is Mr. Ochs.

So, I said, "John, cut out your editorial page entirely. Run some features on it, run some cartoons on it, run letters to the editor on it and clip editorials that appeal to you from other papers or weeklies or monthly magazines." (Laughter)

I said, "Number 2: On your news stories, you are a newspaper. You are in a labor dispute town. The next time you have a strike down on the water front, take two of your best men and say to Mr. A, 'You go down and you cover the water-front story for tomorrow's papers and you get in your story, the story of the strikers from their point of view, and write your lead that the strikers claimed yesterday that so and so and so and so and so and so and so and so and so, and that the leader of the strikers, Bridges' man, said so and so and so and so.' And then say to Mr. B, 'You go down there and you write your story from the point of view of the shippers, the owners of the freight that is tied up, the point of view of the steamship owners whose ships are tied up, and you write your lead that yesterday on the water front the shippers and the shipowners claimed the following:' You run those two stories in parallel columns on the front page and do not make them too long so that the reading public would get both sides at the same time."

Q Did he follow your suggestion, sir?

THE PRESIDENT: He did not. (Laughter)

Q Has he made a big success of his paper?

THE PRESIDENT: He is in the black, probably because he did not take my advice. But I will say this, that he did honest reporting.

Q That was good advice, Mr. President.

THE PRESIDENT: You think it was good advice? Well, anyway he got in the black and that is the main thing.

MR. KIRCHHOFER: We are very grateful to you. We hope we can come next year.

THE PRESIDENT: I enjoyed all the shafts and I think I returned them with interest, so it is all right. (Applause)

(The conference adjourned at 10.40 P.M.)

CONFIDENTIAL
Press Conference #453,
Executive Offices of the White House,
April 22, 1938, 1040 A.M.

THE PRESIDENT: Have you got any news?

MR. EARLY: I was just thinking about you, having cleaned up the editors about 11:30 last night, telling me to shoot the reporters this morning. (Laughter)

Q Give us a chance to write it before the editors get back home and write it.

MR. EARLY: They won't write it.

Q I want to ask you something about prices this morning.

THE PRESIDENT: Prices? What prices?

Q Commodity prices.

MR. DONALDSON: All in.

THE PRESIDENT: There isn't any news this morning. I gave all the news last night to the editors, lots of it, and it was all off the record.

Q Do you find that the editors recognize news when they see it?

(Laughter)

THE PRESIDENT: Not as well as you fellows do.

Q I agree with you. (Laughter)

Q Can you tell us about the studies being made of prices?

THE PRESIDENT: You will have to ask Procurement about it. I don't know enough about it.

Q I mean the study of your group, that you have.

THE PRESIDENT: Well, that is being done really under Procurement. What group do you mean?

Q That interdepartmental committee.

THE PRESIDENT: I don't know; they are still studying it.

Q Can you tell us anything about your fishing trip you are reported to be taking next week or so?

THE PRESIDENT: There is just a possibility -- it depends entirely and it may be called off at the last minute -- that I may go down to Charleston and get on board one of the new cruisers to be gone four or five days. There are two objects: One, to see the new type of cruiser, and the other one, to get an opportunity to do a great deal of report reading that I have to do but that I cannot do here.

Q What is the name of the cruiser?

THE PRESIDENT: PHILADELPHIA, but it is a very tentative plan.

Q What ship will we go on?

THE PRESIDENT: You don't go. (Laughter)

Q Will there be any destination?

THE PRESIDENT: Atlantic Ocean and back.

Q Will you tell us, sir, what you intend to discuss with Mr. Ford?

THE PRESIDENT: I suppose the things he has already told you.

Q Going back to that cruiser, have you any new ideas on cruisers, like the Japanese have?

THE PRESIDENT: No. (Laughter) You mean happy thoughts?

Q Well, you said you wanted to look at the cruiser.

THE PRESIDENT: That is right.

Q The Secretary of War and the Surgeon General spoke to you about their project to erect their Army medical building. They discussed it with you. Do you have anything further to say about

that?

THE PRESIDENT: Only that I am very much in accord with the plan to put it up here in Washington, and that is what they recommend also. It is a medical library for which we have probably the greatest nucleus in the world, everything in medical history, going away back, incunabula and manuscript, going back to medical sources, and we should dignify it with a separate building. It is listed on the general plan for improvement of Government facilities in Washington. As to the location of it, that is a matter that will not come up until Congress votes the money for it.

Q At your luncheon yesterday with Senator Borah, did you agree on monopoly?

THE PRESIDENT: We agreed substantially on everything.

Q What about a monopoly message? When will it go up?

THE PRESIDENT: I hope before I go away next Friday, if I go away.

Q Same about taxes?

THE PRESIDENT: The same about taxes. In fact, about taxes, I think probably the tax-exempt bond and salary will go up on Monday.

Q Referring to your talk with Senator Borah, can you give us your views on neutrality with respect to Spain and also in relation to the Far East?

THE PRESIDENT: Not in detail. I think the only thing that can be said on that is that there are two objects -- two objectives with respect to the neutrality law: One is to keep the United States from being involved in foreign wars and the other is that if a foreign war takes place, we must, as far as humanly

possible under this law -- it is a difficult one to operate under -- avoid giving aid to one side as against the other, or of penalizing one side as against the other. Now, it has to be a general statement and I cannot go very much further than that. You can all use your imagination as to the practical application.

Q Do you think that has been substantially done in the Spanish case?

THE PRESIDENT: As far as it is possible to do so under the existing law.

Q Is it possible to embargo German and Italian purchases here?

THE PRESIDENT: Do what?

Q Is it possible to embargo German and Italian purchases here of munitions?

THE PRESIDENT: Or French?

Q Or English?

THE PRESIDENT: Or English. Not under the present neutrality law.

Q What are your reactions to the charges that the appropriations for the resident commission -- the High Commissioner's residence in the Philippines are excessive?

THE PRESIDENT: I think if I gave you my reactions I would have to comment on statements made on the floor of the House and, under the Constitution, I am not supposed to do that. (Laughter)

Q It was said up there that McNutt was leaving the Philippines October first on a world tour. Does that agree with your plans?

THE PRESIDENT: I don't know. That is the first I heard of it.

Q Representative Snyder of the subcommittee told us he was told that by McNutt.

THE PRESIDENT: I don't know.

Q Would it be possible for you to give us a little light on why you say that we are going to be as neutral as we can under the limitations of the law, which is not a perfect law? What are the limitations of the law which have not been satisfactory?

THE PRESIDENT: I don't think any of us want to go into that. I would have to have the law before me and go into it in detail. It would take half an hour.

Q Will you do it at the next Press Conference?

THE PRESIDENT: No.

Q To return to possible purchases of arms in this country, there are stories that the British are sending a delegation over to negotiate regarding purchases of aircraft in this country. Have you been informed of that?

THE PRESIDENT: I have read that they are doing it. I know only what I read in the papers.

Q Are you going to take the POTOMAC with you on your cruise?

THE PRESIDENT: No, I will go way off shore. I will get as far away as I can from visitors, telephones and the Press. (Laughter)

Q Mr. President, the American Ambassador to Chile is reported in today's papers to have told the authorities there that you may visit Chile this year. Would you care to talk about that?

THE PRESIDENT: Only the same old story. I have wanted for four years to visit the west coast of South America. I have visited the east coast and Colombia and I want to visit the west coast some day. That is as far as it has got.

Q Speaking of messages, what has happened to the message on phosphate?

THE PRESIDENT: Fred (Essary), that is a terribly embarrassing question.

Q Embarrassing?

THE PRESIDENT: Yes.

Q It is not embarrassing to me. (Laughter)

THE PRESIDENT: It embarrasses me, Fred, lots because I have lost the papers. They are somewhere between here and Agriculture.

Q Well, that is fair enough.

Q Mr. President, are there any other large industrialists besides Mr. Ford on the invitation list for the future?

THE PRESIDENT: I haven't any list made out ahead of time.

Q In respect to taxes, you mentioned some time ago that you thought it might be a good idea to have a conference of state and local officials with respect to taxes. Have you given any more thought to that?

THE PRESIDENT: There has been a good deal of thought but there are other things on the priority list.

Q You think that might be held sometime?

THE PRESIDENT: Yes.

Q Have you any plans for the week end?

THE PRESIDENT: I will go down the river at 12:30 tomorrow and get back Sunday afternoon, late. We go off the record tomorrow.

Q Will you go from Annapolis or Washington?

THE PRESIDENT: Washington.

Q Do you favor a Merchant Marine training school?

THE PRESIDENT: Well, we have a good many of them now, doing very good work.

Q There is one recommended in the Kennedy Maritime Report.

Q I am speaking of the ones that Kennedy-recommended. The Maritime

Commission is considering establishing something.

THE PRESIDENT: Oh, I don't know. You have half a dozen now, state training schools.

Q I meant Federal -- speaking of schools and not ships.

THE PRESIDENT: They are the same thing.

Q I wanted one at Quoddy Village. (Laughter)

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #454,
Executive Offices of the White House,
April 26, 1938, 4.09 P.M.

Q Here is Rudolph Forster.

Q Hello, Admiral.

MR. FORSTER: Hello, Fred (Storm).

Q Commodore and Commodore McKenna.

Q We have the Navy and the Judiciary here today.

THE PRESIDENT: Yes.

Q Did you notice the two shades of green in the new stamps yesterday?

THE PRESIDENT: No, I have not.

Q They have different ink.

Q Can you tell us who will accompany you on your ocean trip out to the Atlantic Ocean?

THE PRESIDENT: Dean (Mr. Young), I have three promotions in the Naval service to announce. They will take their first cruise under their new titles with me on Friday night. The first is Mr. McIntyre, who has been promoted to a Rear Admiral -- to a Vice Admiral. (Laughter)

Q This is good.

THE PRESIDENT: The other is Commodore Forster, who is promoted to Rear Admiral, and the third is Captain McKenna, who has been promoted to Commodore.

Q Does the Navy know? (Laughter)

THE PRESIDENT: Oh, yes. Their suits have been prepared, Fred (Storm).

Q What is your particular rank in this navy?

THE PRESIDENT: Oh, just the same old thing, C in C (Commander in Chief).

Q Will Commodore McKenna be able to take it?

THE PRESIDENT: You bet he will. He is an old sea dog.

Q We have been given a list of names and a statement concurred in by sixteen of the outstanding business and financial people of the country, and I understand you have a copy, pledging cooperation. Can you give us your reaction?

THE PRESIDENT: It just came in three minutes ago and I have just read it through once and it seems to be excellent.

Q Without specific reference, necessarily, to Governor La Follette's move, do you think there is a need for organization of liberal forces in politics?

THE PRESIDENT: The more liberal forces for liberal policies of the country the better.

Q Returning to your proposed cruise, can you tell us what arrangements have been made for the Press during that time.

THE PRESIDENT: We have arranged a special train on Friday night, which will take the Press all the way to Charleston and then, when we Admirals and Commodores push off on Saturday morning about nine o'clock, the Press will be completely free to see all of the flower gardens and the azaleas in Charleston just as long as they want, returning to Washington at their leisure. When I come back, I will probably come straight back to Washington.

Q Landing at Annapolis?

THE PRESIDENT: Either at Annapolis or at the mouth of the Potomac River and taking the POTOMAC up.

Q About a week, sir?

THE PRESIDENT: Just a week.

Q Some of us on this side did not hear what you said about the businessmen's statement.

THE PRESIDENT: I think I said it just came in three minutes ago and I read it through once and thought it was excellent.

Q Are you going to see any of the sixteen businessmen?

THE PRESIDENT: I have been seeing a great many of them.

Q Will you make that public?

THE PRESIDENT: I think it was made public.

Q Who will be with you at your luncheon tomorrow with Mr. Ford (Henry Ford)?

THE PRESIDENT: Mr. Ford, Edsel Ford, Mr. Cameron and Eccles.

Q (Mr. Godwin) The civic associations and newspapers in this town are staging what they call a referendum on Saturday to determine whether or not they need suffrage in the District of Columbia. Can you help that along a little? (Laughter) If you cannot, don't say anything. (Laughter)

THE PRESIDENT: Can I say anything off the record?

Q (Mr. Godwin) No, not against it. (Laughter)

THE PRESIDENT: I was not going to talk about it. I was going to talk about the newspapers, off the record. Don't you want that?

Q (Mr. Godwin) No, no. (Laughter)

THE PRESIDENT: I was going to pay a compliment to the newspapers, off the record. (Laughter)

Q (Mr. Godwin) I am afraid to trust you. (Laughter)

THE PRESIDENT: I will tell you privately afterwards. It is all right.

Q Getting back to the Ford luncheon, can you tell us what is likely to be discussed, since you have Mr. Eccles there? You are going

to have Mr. Eccles there; that indicates finance.

THE PRESIDENT: No, economics.

Q General economics?

(The President did not answer the question.)

Q Getting back to Mr. Godwin's rather peculiar question, have you anything to say about this referendum in Washington?

THE PRESIDENT: I wish I could, but honestly I have not read anything about it but just the headlines. That, really, is true.

Q The story appears in Detroit to the effect that both General Motors and the Chrysler Corporation inform you that only Mr. Ford can lead the --

THE PRESIDENT: (interposing) That what?

Q -- that only the Ford Motor Company, by entering into an agreement with them, can bring about recovery in that industry.

THE PRESIDENT: I never heard of it.

Q You know, the Federal Trade Commission reached an agreement with motor manufacturers in Detroit.

THE PRESIDENT: Is that today?

Q Yes.

THE PRESIDENT: I have not heard of it.

Q The statement says that the automobile industry comes under the powers of the Federal Trade Commission for the first time.

THE PRESIDENT: That is a new one on me.

Q Have you heard, sir, that Mr. Berle is going to the Madison Conference called by Governor La Follette?

THE PRESIDENT: Yes, he told me so yesterday.

Q Any significance in that?

THE PRESIDENT: I suppose he is going because he is invited.

Q Have you any comment on the Anglo-Irish trade talk, which is taking place?

THE PRESIDENT: No. Only I suppose the general comment that this seems to solve a good many of the problems between England and Ireland and therefore is, very definitely, a step that is being accepted with pleasure.

Q Mr. President, have you ever had a conference or conversation before with Mr. Henry Ford?

THE PRESIDENT: Oh, yes, lots of them.

Q Since you were President?

THE PRESIDENT: No.

Q The new national airmail stamp, the commemorative stamp, goes on sale May fifteenth. Prior to that the Dayton, Ohio, and St. Petersburg flight of planes will carry covers and it is the suggestion that you add the one arriving first to your album. Would that fit in with your approval?

THE PRESIDENT: I accept all kinds of gifts of stamps with great avidity.

Q You will accept both regardless of which arrives first?

THE PRESIDENT: Cannot we arrange it so that they will both arrive simultaneously?

Q Each city wants to be the first to arrive.

THE PRESIDENT: That can be fixed up with the airport.

Q Do you intend to send a message of any kind to the La Follette conference?

THE PRESIDENT: No.

Q Have you selected a new Assistant Secretary of Commerce?

THE PRESIDENT: Not yet.

Q The Philadelphia City Chairman has asked for an F.B.I. investigation of things in Pennsylvania. Has that been referred to the Department of Justice?

THE PRESIDENT: I don't know.

Q Will you get your monopoly message up before you leave on the cruise?

THE PRESIDENT: That depends entirely on whether I get it to the Congress on Friday or whether I do not get it finished in time before they adjourn Friday afternoon, in which case it will be held until Monday when they will meet again, because I suppose they will not be in session on Saturday.

Q Does Mr. Berle in any way represent the Administration on this trip?

THE PRESIDENT: As I understand it, he was invited personally to go and expected personally to go.

Q I did not hear whether you said he came in to ask you or to tell you?

THE PRESIDENT: He told me.

Q There is a report from Berlin today that Ambassador Hugh Wilson has undertaken a labor study and has asked the Berlin Government for facts and figures on what they have done in handling the labor situation. Do you know anything about that?

THE PRESIDENT: No. The only thing that it might be was this: I told him that I was very much interested in their outdoor camps for young people, about which I know very little except the fact that both boys and girls seem to be improving very much physically. I was interested in the work which the German Government is doing for the physical health of young people and I asked him to study

that and let me know. That is probably it.

Q Is it conceivable that the question of an annual wage will be discussed between yourself and Mr. Ford?

THE PRESIDENT: I have not the faintest idea.

Q Have you read his proposal for an annual wage?

THE PRESIDENT: No.

Q Do you contemplate any further answer to the businessmen's statement after you have read it more thoroughly?

THE PRESIDENT: I did not get it. (referring to the question.)

Q Do you contemplate any further answer to the businessmen's statement after you have read it more thoroughly?

THE PRESIDENT: I don't know. I had not thought about it. I really haven't thought about it yet. You are a whole day ahead of time.

Q Representative John O'Connor was seen coming out of here about ten minutes ago. Anything you have to say on his unexpected visit to the White House?

THE PRESIDENT: We talked about just one subject and that was wages and hours.

Q I am glad you told us the truth. He said it was about the cherry blossoms. (Laughter) Will there be an effort for wages and hours this session?

THE PRESIDENT: I think he will ask for it. I know I am asking for it.

Q How about the Rules Committee?

THE PRESIDENT: You will have to ask them.

Q Did he ask for the appointment or did you ask him to come down?

THE PRESIDENT: I asked him to come down.

Q Are you going to do anything to stop the Democratic warfare up in

Pennsylvania?

THE PRESIDENT: You had better go up to Pennsylvania and find out there. (Laughter)

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #455,
Executive Offices of the White House,
April 29, 1938, 10.48 A.M.

THE PRESIDENT: Claude (Mahoney), are you going?

Q No.

THE PRESIDENT: That is what comes from representing a financial paper.

Q They have no service over the week end, anyway.

THE PRESIDENT: Are you confining it to the week end? (Laughter)

Q No, sir. They will have to take Press Associations.

THE PRESIDENT: Do they take Press Associations.

Q They have an unbiased account now of what happens.

THE PRESIDENT: Do you take Press Associations?

Q (Mr. Mahoney) We take Fred's (Storm) stuff. I am supposed to be faster on my feet than he is.

THE PRESIDENT: You know the difference between a dollar and a cent. (Laughter)

Q (Mr. Storm) To my sorrow; I realize that now.

THE PRESIDENT: That is why we are both poor. (Laughter)

Q (Mr. Young) Big crowd today.

MR. DONALDSON: All in.

THE PRESIDENT: Oh, let us see. I have several things. No. 1 on the trip: There are more azaleas than I expected in Charleston and therefore I do not know what port I am coming back to. I might come back to Charleston. But I won't know until about Tuesday, somewhere along there. It is just possible I may come back to Charleston. So, if the Press decides to count azaleas, I will arrange to have the press dispatches go into the Charleston

Navy Yard.

Q We are all flower lovers.

THE PRESIDENT: Poor old Pat McKenna cannot go with us because his sister is very ill, so I have given him a rain check for another cruise.

I have sent a letter to Altmeyer, Chairman of the Social Security Board. You can get copies from Altmeyer. He has got copies and further details if you want more of a story. (Reading)

> "I am very anxious that in the press of administrative duties the Social Security Board will not lose sight of the necessity of studying ways and means of improving and extending the provisions of the Social Security Act.
>
> "The enactment of the Social Security Act marked a great advance in affording more equitable and effective protection to the people of this country against widespread and growing economic hazards. The successful operation of the Act is the best proof that it was soundly conceived. However, it would be unfortunate if we assumed that it was complete and final."

That is along the line of what I have talked to you about so often, how, in England, they have had an Act for almost a quarter of a century and almost every year or two they amend it without fuss and feathers in Parliament, improving the actual working of it. (Reading)

> "Rather, we should be constantly seeking to perfect and strengthen it in the light of our accumulating experience and growing appreciation of social needs.
>
> "I am particularly anxious that the Board give attention to the development of a sound plan for liberalizing the old age insurance system. In the development of such a plan I should like to have the Board give consideration to the feasibility of extending its coverage, commencing the payment of old age insurance annuities at an

earlier date than January 1, 1942, paying larger benefits than now provided in the Act for those retiring during the earlier years of the system, providing benefits for aged wives and widows, and providing benefits for young children of insured persons dying before reaching retirement age. It is my hope that the Board will be prepared to submit its recommendations before Congress reconvenes in January."

Copies and further explanation and details from the Chairman.

Then there came in on the ninth of April -- I have been reading it in the meantime and there is no reason you should not have it -- a report of a special committee on the housing needs, that is to say, the federal buildings in the District of Columbia. It is signed by the Secretary of the Interior and the chairman of the Senate Subcommittee on District Appropriations, that is, Senator Elmer Thomas, the chairman of the Subcommittee of the House Appropriations Committee for the District of Columbia, the chairman of the National Capital Park and Planning Commission and the Director of Procurement. That is a study of present and future needs for Government buildings in Washington. Copies of it are available at the office of Aubrey Taylor in the Interior Department.

Q We will get it over in Interior and not here?

THE PRESIDENT: It is so long we have not got copies.

Q Getting back to social security, have you gone far enough into it to tell whether you can cut down payments to the reserve fund?

THE PRESIDENT: That you will have to talk to Altmeyer about. It is one of the things they are studying.

Q Are copies being given out of that, sir?

MR. EARLY: Not here.

THE PRESIDENT: Not here -- Altmeyer. Outside of that I think we are all clear. We leave at 8.00 o'clock tonight.

Q Any comment you can make on the announcement of the formation of the new Progressive Party?

THE PRESIDENT: Nothing to add to what I said last Tuesday.

Q Can you tell us anything about your Ford visit?

THE PRESIDENT: No, except that I was interested to see what the press said about it.

Q How nearly accurate was the press?

THE PRESIDENT: Oh, don't ask me that, Earl (Godwin).

Q About as usual? (Laughter)

Q What is the status of the monopoly message?

THE PRESIDENT: I think they have started to type it and I think it will go up this afternoon.

Q Mr. President, are you going to give personal attention to the political use of WPA in Pennsylvania or other states, or will you leave it entirely in the hands of Mr. Hopkins?

THE PRESIDENT: It is supposed to be investigated by the people who are in charge of it.

Q We cannot hear you back here.

THE PRESIDENT: People are supposed to investigate it who are in charge of it, where allegations have been made. Obviously, they go to Mr. Hopkins.

Q Mr. President, the morning papers say that the more conservative advisers of the President say that you are considering creation of a new council of business men to study and make recommenda-

tions on economic problems.

THE PRESIDENT: I read it in the papers.

Q Is there any truth in it?

THE PRESIDENT: No. If you will ask me direct questions, I will have to give you direct answers.

Q Can you tell us something about Lowell Mellett -- what he is presumed to do or will do?

THE PRESIDENT: He is to go back and reconsititute the N. E. C. the way it was working about two years ago. In other words, with a larger relief program, a larger flood control program, public works, C. C. C., et cetera and so on, going into effect as soon as the bill passes -- certainly by the first of July -- we have to have coordination in the different states. For the last two years we have been cutting down because the need for coordination has been getting less and now it has to be stepped up again. The system worked exceedingly well. I should say it worked pretty well in forty states out of forty-eight, which is a pretty good average, so we are going to reconstitute it under Lowell.

Q Are those state organizations disintegrated?

THE PRESIDENT: No, we have the nucleus in every state.

Q On paper?

THE PRESIDENT: No, not only on paper. I don't know whether they have been going out to the public or not but Red Leggett has been getting out a very interesting statement once a month ever since he has been in, a sort of report or general picture of the conditions in each state relating to needs, employment, public

works, -- all forms of Government activity -- and recommendations as to how things can be better coordinated. Now, these reports have been coming to me every month and then going out to the different agencies affected by the report, so they have been very helpful and it has not been a mere skeleton. It has been cut down.

Q Is Mr. Leggett going to stay in the Government?

THE PRESIDENT: Yes.

Q Where?

THE PRESIDENT: Lowell wants him to stay with him.

Q Can you give us an outline of your plan for a basic attack on unemployment? I mean a basic attack on it?

THE PRESIDENT: Oh, not today. I am trying to get the Message to Congress.

Q Have you any comment to make on Henry Ford's speech last night to the editors?

THE PRESIDENT: I have only read the headlines.

Q That is all there was to it. (Laughter)

Q Did you see the story in this morning's paper where Senator Minton has introduced a bill in which he would impose a fine on newspaper editors who knowingly printed a false story? The bill was introduced yesterday.

THE PRESIDENT: I read the headlines, Fred (Storm) and I think that is a matter that would have to be referred to the Prison Commission. (Laughter)

Q What Commission?

MR. EARLY: Prison Commission.

Q Are you for such a bill, Mr. President?

THE PRESIDENT: I am trying to cut down the cost of Government, I don't want to have to build any more prisons. (Laughter) You boys asked for it, you know.

MR. STORM: Thank you, Mr. President. We hope you have a nice trip.

THE PRESIDENT: Have a good time. I will see you all in just about a week.

Q There was a report in New York at the editors' meeting that Government was contemplating starting a newspaper. Is there anything to that?

THE PRESIDENT: That would be interesting, wouldn't it? Will you edit it, Fred (Storm)?

Q (Mr. Storm) I would be glad to.

THE PRESIDENT: Good; that is all right -- as, if and when. (Laughter)

CONFIDENTIAL
Press Conference #456,
On board the U.S.S. PHILADELPHIA,
Charleston, South Carolina,
May 8, 1938.

(The President greeted each member of the White House Correspondents Staff individually, and was introduced to two members of the local Press. Photographers from the local Press took photographs of the conference as it was held.)

Q Did you have good weather, Mr. President?

THE PRESIDENT: We had perfect weather, did you have good weather?

Q We had one of the most delightful times, next best to Rio.

THE PRESIDENT: How did you like Mac's stories?

Q Best reports we have had. We are going to make a reporter of him.

THE PRESIDENT: Where were you at 10.00 o'clock last night? We were wondering whether you could all be found. (Referring to the SS MARATHON incident)

Q We all got it. Everyone was present.

THE PRESIDENT: Where is the Hysterical House?

Q It isn't Hysterical House, it is the Historical House -- you can get drinks there. As a matter of fact we were out with a Mr. Stone who owns an old plantation about 200 years old. This is a lovely city, you ought to see it sometime, Mr. President.

Q To strike a serious note, Mr. President, is there anything you can say on the Wages and Hours Bill.

THE PRESIDENT: I think we sent something to you on that.

Q I think you sent it to Washington.

THE PRESIDENT: No, nothing further.

Q While you were gone, Mr. President, a man named Winthrop Aldrich gave a speech regarding extending a breathing spell to business of two or three years to absorb what had been done.

THE PRESIDENT: I have only seen the radio press.

Q Was he one of the sixteen?

MR. McINTYRE: He led all the rest.

THE PRESIDENT: I have not seen a newspaper since last Tuesday's.

Q The other development in Washington is the interest on the neutrality question, particularly lifting the arms embargo to Spain. The Nye Resolution comes up.

THE PRESIDENT: I think the State Department Press report covered it completely.

MR. McINTYRE: I will get one of those ship's papers for you. It covered it completely.

THE PRESIDENT: We sent something on the Spanish embargo to you - just what you asked.

Q It was about old Spanish fortresses.

THE PRESIDENT: It was a direct reply.

MR. McINTYRE: Approaching the subject.

Q Mr. President, any further plans for Monday -- the regular conference?

THE PRESIDENT: Just normal. There will be a conference around ten.

Q When do you look for an adjournment?

THE PRESIDENT: I don't know.

Q Will you see Harry Hopkins and Secretary Ickes immediately upon your return?

THE PRESIDENT: I suppose so. I will see the Secretary of State and

Secretary of the Treasury tomorrow. Those are the only definite dates we have.

Q Anything special on Secretary Hull?

THE PRESIDENT: No, just bring things up to date.

Q Mr. President, Harry Hopkins has done a splendid job with the old Dock Street Theatre here.

THE PRESIDENT: It is good, isn't it? I was in it in 1913, it is very nice.

Q They have put up a tablet to Harry.

THE PRESIDENT: That theatre and the old Opera House in New Orleans are the most interesting theatres in this country, and the old Opera House was burned down.

Q How about that barracuda Rudolph Forster caught? Did he really catch it?

THE PRESIDENT: Of course. We had so many barracuda we didn't know what to do with them.

Q Mr. President, what time are you going ashore?

THE PRESIDENT: About 6:45, starting to leave about 6:00 o'clock.

Q Is there any complaint on the Wages and Hours Bill?

THE PRESIDENT: I haven't a thing on it except the small radio reports -- the dispatches we get on the radio. You ought to see Colonel Watson; the second day out he got burned -- he looked like a Carib Indian. He didn't like it because it hurt his Virginia ancestry.

Q Mr. President, did you notice the transformation of the HARTFORD?

THE PRESIDENT: Yes, doesn't it look nice?

Q Speaking of the old HARTFORD, they should take the HARTFORD from

here and put it in the Yankee waters of Hartford and put the submarine that is under the Hoosatonic here.

THE PRESIDENT: Do you suppose they know where she is? It would be grand. You know the plan right along has been to use the water-front of the Potomac for some historic ships, one from each war, starting with the CONSTITUTION, if we could get her from Boston. Of course there is the CONSTELLATION, which is at Newport. If we could raise the submarine it would be a fine thing.

Q The amazing thing about that is that eight crews went out and were lost and each time the entire corps stepped forward to volunteer.

THE PRESIDENT: I have a very interesting print of that.

Q Did Mac get anything to drink?

THE PRESIDENT: Heavens, no! He was on a Navy ship. He was on a milk diet.

MR. McINTYRE: Yes, and I lost three pounds.

Q The State Legislature of South Carolina has passed numerous Resolutions that you award one ship to this Yard. Have you anything on that?

THE PRESIDENT: I am not sufficiently up on the schedule, but we are going to keep construction work going here. Let me see, they have just laid a keel here. We will undoubtedly keep two ships going here at all times. You have one here about three-quarters completed and one with a keel being laid, and when the number one goes overboard we will start another.

Q How about relief labor on new projects?

THE PRESIDENT: We will use relief labor as far as we can.

Q Have you any particular interest in the South Carolina Primaries?

THE PRESIDENT: A great deal of interest, as I have in most Primaries.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #457
Executive Offices of the White House
May 10, 1938, 4:10 P.M.

(There was some "round-the-desk" discussion about the activities of the Press while in Charleston.)

MR. DONALDSON: All in.

THE PRESIDENT: I don't believe there is any news. I have been trying to catch up since yesterday morning and I haven't caught up yet.

Q Anything to say about the Florida election?

THE PRESIDENT: Oh, I think the little old Latin phrase.

Q What is it? What phrase?

THE PRESIDENT: I will put it in English, "The thing speaks for itself."

Q Mr. President, any Latin phrase for the Pennsylvania situation?

(Laughter)

THE PRESIDENT: No, but you might read Dante's Inferno. (Laughter)

Q Mr. President, speaking seriously, if we may, about Pennsylvania, there are charges of the use of Federal money -- of the misuse of Federal money involved in that Grand Jury investigation. Are you paying any particular attention to those charges?

THE PRESIDENT: I didn't even know it. I did not know Federal money was involved. What department?

Q That is rather vague. (Laughter)

Q Frank Murphy, of Minnesota, conferred with you this morning. Would you care to tell us anything about it?

THE PRESIDENT: We had a delightful visit. We talked about a gas line and all kinds of local problems in Minnesota.

Q The Postmaster General was present, too. Is he interested in pipe lines?

THE PRESIDENT: He just came in after, as an old friend; just happened around.

Q Did you see the story in this afternoon's paper where fourteen of the large utility companies have agreed to work out some sort of a plan whereby they could abide by the death sentence clause of the Utility Holding Company Act?

THE PRESIDENT: No, I have not; I hope it is true.

Q John Ihlder was here today to see you and he told us that you and he worked out some phraseology for a proposed amendment, etc.

THE PRESIDENT: We haven't actually worked out the phraseology. I told him we all had the same objective and to work out the phraseology with Bell. He was to see Bell and then Bell was to see Nathan Straus and I think they are in substantial accord and then they are to go up to the Hill and see if we cannot get the amendments through.

Q Have there been any developments on the International scene which would justify a change in America's policy of arms embargo toward Spain?

THE PRESIDENT: You will have to ask the State Department.

Q I have a question in two parts.

THE PRESIDENT: You must have sat up all night. (Laughter)

Q Yes, sir. (Laughter)

Is there anything the Chief Executive can do about free speech and free assembly in Jersey City? And the second question is: Is there anything the Democratic Party can do about its Vice

Chairman, Mr. Hague?

THE PRESIDENT: The first question pertains to local police matters and the answer is, "No." The answer to the second question is to ask the National Chairman.

Q You mentioned a gas line a moment ago. That permits an inquiry about whether you care to say anything about Dr. Eckener's gas mission in Washington?

THE PRESIDENT: Not yet. I talked with the Solicitor General about it this afternoon and they are having a meeting tomorrow morning. The question hinges on a determination of two words in the law. I can't remember what the two words are -- military --

Q Importance?

THE PRESIDENT: Military importance, that is it.

Q Apart from the law, do you think we want to gas Germany? (Laughter)

Q With whom, sir, will you hold this meeting tomorrow?

THE PRESIDENT: The Solicitor General, the Chief of Staff of the Army, the Chief of Operations of the Navy and the Secretary of the Interior.

Q Mr. President, in your discussion with the Postmaster General today, did you talk about O'Connell's letter, Representative O'Connell's letter demanding that Hague be removed as Vice Chairman?

THE PRESIDENT: No, I haven't even got it yet.

Q What assurance have you that the gas will not be used for military purposes?

THE PRESIDENT: That is the question we are going to discuss tomorrow as to whether it can be used for military purposes.

Q Do you require any assurance from the person to whom it is to be

given that it not be used for military purposes?

THE PRESIDENT: It depends on what the use is, the stated use.

Q Whose word will it be?

THE PRESIDENT: It is not a question of word, it is a question of purpose.

Q Mr. President, the House Wages and Hours Bill is likely to come up this session and it states no differential of wages. Do you favor a floor --

THE PRESIDENT: That is discussing details of current legislation.

Q Have you any preference?

THE PRESIDENT: We do not discuss details while legislation is going through the House.

Q We have never seen Louis Johnson and Basil Manly in here together before today and they have referred me to you for an explanation.

THE PRESIDENT: We talked about an interesting problem and that is the adequacy of power for purposes of national defense. It is a subject that has never been studied until this year. It has two factors in it: one, the sufficiency of power and the need of additional power in case of war. The second is the question of tying in existing power lines which are now not connected. It is purely -- we are approaching it purely from the military point of view. I can give you two very simple examples: For instance, if anything should happen to the power plants of the District of Columbia, there is absolutely no connecting link between the District of Columbia and Baltimore. We could not borrow power from Baltimore, or if anything happened to power in Baltimore, they couldn't borrow power from the District of Columbia.

The other example is the City of New York where there is no physical power connection between the eastern side of the Hudson River and the other side of the Hudson River. That is a military problem and it is being studied this year for the first time in history. It is still in the study stage, of course, and will take some time.

Q Have you received any recent advices which would indicate that business is ready to end its fire breathing spell?

THE PRESIDENT: No, I have not.

Q On the Spanish arms embargo, do you feel that is primarily a matter for Congress to decide?

THE PRESIDENT: You will have to ask the State Department.

Q By referring the second Hague question to the National Chairman, do you think it is not up to you to take the initiative in that?

THE PRESIDENT: I will simply have to tell you to take it up with the Chairman.

Q How about the District Commissioner for the District of Columbia?

THE PRESIDENT: Not yet, but in the course of the next two or three days.

Q Mr. President, since you made your statement expressing sympathetic interest in the Anglo-Italian accord, the significance of that statement has been debated in several forums, including the British House of Commons. In view of the controversy, could you explain a little further?

THE PRESIDENT: No, I don't think so; no.

Q In that same connection, Mr. President, your statement was quoted in the League of Nations Council today as indicating approval from

the United States, along with approval from France and several other countries.

THE PRESIDENT: I should say, if you want to write stories about it, that you had better reread what I said.

Q At Chicago, Mr. President?

THE PRESIDENT: No, the statement he was referring to. You can also reread the Chicago one, which has been very widely misquoted in the press. Both of them have.

MR. YOUNG: Thank you Mr. President.

CONFIDENTIAL
Press Conference #458,
Executive Offices of the White House,
May 13, 1938, 10.35 A.M.

THE PRESIDENT: I think the only thing I have got today is a letter from Mr. (John) Biggers, making his semi-final report on the unemployment census. He points out that the cost of the census, including everything, will not exceed $1,986,000. out of the $5,000,000. that was authorized for the census. In other words, $3,000,000. will be turned back to the Treasury. The printed report will be submitted shortly and made public. He points out that the saving in cost and the speed with which the whole thing was done was due primarily to the utilization of the facilities of other Governmental agencies, the Post Office Department and others. That, in the short time that the census was concluded, he has tabulations for 3,070 counties and special tabulations for 952 cities, cities with a population of 10,000 or more, broken down in such form that each state, county and city can use this information as a valuable aid in solving its own unemployment problem.

The staff of the organization is now substantially disbanded, only a few people being left to check the final reports and the liquidation of accounts.

85,000,000 unemployment report cards were distributed to every home in the country in one day.

The voluntary educational campaign in which the press, the radio, and the motion picture all played important parts had so well acquainted the people with the purpose and importance of the

census that over 11,000,000 people voluntarily filled out registration cards. 5,833,401 reported as totally unemployed --

Q May I have that figure again?

THE PRESIDENT: 5,833,401 reported as totally unemployed, 2,011,615 as unemployed except for emergency work, and 3,219,502 as partially unemployed.

Fifteen tons of postal cards came into Washington.

The census demonstrated the possibility of quick action and cooperation between the branches of the Government to undertake emergency tasks.

Regardless of fluctuating totals, the data showed characteristics and composition of unemployment have permanent value. These facts developed include a study of ages and sex; dependent workers, geographical distribution; industries and occupations -- Steve (Early) will make this available for you -- all of which will be necessary as a basis for any comprehensive reemployment plan. Since this information is available by counties and cities of 10,000 and more population, an opportunity and a challenge is presented to local communities to assist in solving our principal economic problem.

An interesting revelation is the fact that as the main breadwinner of a family is thrown out of work, additional members of the family seek work which accentuates the number of unemployed in depression times. Likewise, it proves the fact that to bring about recovery, it is not necessary to provide jobs equal in number to the unemployed, because, as breadwinners are restored to work, other potential workers vanish from the labor market.

That seems to be fairly well established. In other words, the unemployment census has real value and makes it much more easy for the Government to conduct the unemployment census, the next one, in conjunction with the decennial census of 1940.

Q Mr. President, do you think this unemployment census should be a continuing function so that fortnight by fortnight or month by month the Nation should know accurately the changing figures of unemployment?

THE PRESIDENT: I think we are, in general, working toward a system of that kind. In other words, it may be called a voluntary registration system.

Q If I recall correctly, before John Biggers started that I got the impression, both from you and Mr. Hopkins, that such a census would be of no practical value, or words to that effect. Has it turned out --

THE PRESIDENT: (interposing) It has turned out to be of real value, not only for the bringing together of definite figures for the time that it was taken, which was last December or the end of November -- the first week in December -- but it also ended all kinds of perfectly crazy stories, stories that were got out by all kinds of people, where the figures varied by millions, and gave us a perfectly definite point of departure. Also, it is very useful for the future.

Q Will the machinery used in that poll and the method of this poll be studied with a view to national defense or possible mobilization of machinery?

THE PRESIDENT: I had not thought of it; it is a new one on me.

Q While we are on the subject of recovery, the Administration speakers, including yourself, said that the causes of the present depression, the primary causes, were the unabsorbed inventories and unwarranted increases in prices.

THE PRESIDENT: Those were the factors, yes.

Q Prime factors?

THE PRESIDENT: Not the only factors.

Q But now that the spending and lending program is on its way, have you a program to meet these two points --

THE PRESIDENT: (interposing) No --

Q -- the unwarranted increase in prices and unabsorbed inventories?

THE PRESIDENT: Unfortunately, not. We did -- we were working towards it, as we all know, in an experimental way under NRA, really, honestly, in an experimental way. However, we had to desist from those experiments when NRA was declared unconstitutional. And at the present time the whole thing is being started anew, not with any thought, as I have said so often, of reconstituting NRA, but being started anew through the study of what was really misnamed the monopoly problem, because it is a far wider problem than the mere discussion of certain definite monopolies, and the study of those will go hand in hand with this investigation I hope the Congress will authorize before they adjourn.

Q The reason I asked is because they say that the other spending program failed. I am just wondering if there is an answer.

THE PRESIDENT: Of course the other spending program did not fail but it got to such a point that certain other economic and business methods ran away with the ball.

Q I was wondering whether there was some way of regulating running away with the ball?

THE PRESIDENT: That is right.

Q Have you any plan in mind?

THE PRESIDENT: No.

Q Mr. Murray, of the steel workers' organization committee, proposed and Mr. Lewis later endorsed the proposal, that you seek a conference of business, industry, finance, labor and agriculture to work out with you what each might do.

THE PRESIDENT: Well, those conferences are going on every day.

Q He meant where representatives of all the groups would be together with you.

THE PRESIDENT: Well, they are, every day.

Q Mr. President, will you comment on the Chief Justice's speech and Mr. Wallace's following comment?

THE PRESIDENT: No, it depends on which paper you read.

Q Mr. President, regarding the helium question, which you took up with members of various departments the other day and afterwards indicated that the matter was for decision of the National Munitions Control Board, that Board had already approved the export. Did you intend that they should reopen the question?

THE PRESIDENT: I think probably there will be another meeting of the Board very soon.

Q When?

THE PRESIDENT: Very soon; I don't know when.

Q Who has the power to call that meeting?

THE PRESIDENT: The Chairman.

Q The Chairman yesterday said it would depend on you.

THE PRESIDENT: Perfectly true; I have not asked him yet because I have not seen him.

Q Do you understand that the Board acted illegally when it approved the export of helium?

THE PRESIDENT: I don't know; it is a question of law, I suppose. The statute is very definite in setting up the National Munitions Board. It says, "The Secretaries" of these different Departments, "The heads" of these Departments. Well, by Government custom, as you know, these interdepartmental boards meet with the membership composed of Assistant Secretaries and, in order that the record may be perfectly clear, we want to have a meeting with the Secretaries present. Legally, whether the action of the Board when it is constituted by Assistant Secretaries may be all right, nobody knows.

Q In weighing the laws governing the export of helium, does the Board take into consideration the intent of the Congress, the intent of the time when it was passed, which was immediately after the Hindenberg disaster?

THE PRESIDENT: They take into consideration the language of the statute primarily. When any question comes up as to the construction of the language, they are at full liberty to look into the debates on the floor or the hearings of the committee prior to the passage of the statute.

Q What I had in mind was that it was passed immediately after the loss of life in the Hindenberg disaster.

Q There are two small local matters that we can dispose of. One is the

District of Columbia Tax Bill.

THE PRESIDENT: That hasn't got here yet.

Q The other is the suggestion that you gave Mr. Ihlder that he give you some proposals for language for the Alley Dwelling Authority.

THE PRESIDENT: Not yet but I think that is coming along all right.

Q The State Department has referred to you the question of what happens to Mr. Hugh Gibson now that you have appointed Mr. Davies to Brussels.

THE PRESIDENT: They have not referred it to me.

Q I asked the question of Secretary Hull and he said that was for the White House, for the President to answer.

THE PRESIDENT: It hasn't got here yet.

Q This week you saw the members of the Philippine Commission and Ambassador MacMurray. Is it your thought that their recommendations will solve the future relationship with the Philippines?

THE PRESIDENT: All I can say is that they are making excellent progress.

Q When will you sign the new tax bill?

THE PRESIDENT: I hope to act on the tax bill within the next nine days.

Q Mr. President, would you care to comment on the 15% wage cut by railroads effective July 1?

THE PRESIDENT: That is in the usual legal process.

Q Will Norman Davis, as head of the Red Cross, handle our participation in the refugee problems?

THE PRESIDENT: I don't think so. Myron Taylor is the head of that.

Q I thought perhaps Norman Davis of the Red Cross might have something to do with it.

THE PRESIDENT: No.

Q Any plans for the weekend?

THE PRESIDENT: I am going down the river tomorrow afternoon; be back Sunday afternoon.

Q Has Mr. Gibson resigned as Ambassador to Belgium?

THE PRESIDENT: Yes.

Q Has it been accepted?

(No answer.)

Q Does this report by Mr. Biggers mean the conclusion of his connection with the Government?

THE PRESIDENT: On this particular job, yes. I hope -- he has been so perfectly fine about this whole thing that I hope we will be able to use his services again somewhere.

Q Do you contemplate a letter to Senator Duffy like the one you sent to Senator McAdoo?

THE PRESIDENT: No.

Q Or Governor Earle?

THE PRESIDENT: No.

Q Have you accepted Mr. Gibson's resignation?

THE PRESIDENT: What is that?

Q You say that Gibson has resigned. Have you accepted his resignation?

THE PRESIDENT: I don't know; I don't know whether I accept it or not or whether the State Department does. I don't know what the procedure is.

Q Are you seeing the Chairman of the Stock Exchange today, Mr. Martin?

THE PRESIDENT: Yes, he is coming in with Mr. Douglas (Chairman of the SEC) at 12:15.

Q Is that just a courtesy call?

THE PRESIDENT: Yes.

Q Can you give us any information about the report in the newspapers the last few days about the appointment of Mr. West as Comptroller of Currency?

THE PRESIDENT: No decision has been reached.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #459,
Executive Offices of the White House,
May 17, 1938, 4.07 P.M.

MR. DONALDSON: All in.

THE PRESIDENT: I think the only news of any interest is the letter I wrote to Chairman Rice, of the Central Statistical Board. I will read it. I haven't any copies; you will have to get them from him unless you want to take down the gist of it.

"May 16, 1938

"My dear Mr. Chairman:

"I am concerned over the large number of statistical reports which Federal agencies are requiring from business and industry. In view of comments that come into this office, I desire to know the extent of such reports and how far there is duplication among them. Accordingly, I am requesting the Central Statistical Board, under the authority of Section 1 of the Act creating the Board, to report to me on the statistical work of the Federal agencies, with recommendations looking toward consolidations and changes which are consistent with efficiency and economy, both to the government and to private industry.

"Specifically, I am interested in the approximate number of financial and other statistical reports and returns regularly required from business and industry and from private individuals by agencies of the Federal government under existing law, and the authority under which each is collected; specific indications of the extent and kinds of duplication existing among them, and the diversity of accounts and records which they necessitate. I assume that exhibits of the questionnaires and report forms are already available in large part in the Board's files, and I am sure that all of the Federal agencies will cooperate in providing any additional information that is relevant.

"With a view to reducing the amount of duplication in statistical reports, will you indicate the principal points at which the enactment of legislation by the Congress appears to be necessary in order

to effect consolidations or changes, with the recommendations of the Board regarding them?

"I should like to have the complete report of the Board by January 1, 1939.

"Very sincerely,

"Honorable Stuart A. Rice,
Chairman, Central Statistical Board,
Washington, D. C."

Q May we have copies of that?

THE PRESIDENT: From Mr. Rice.

Q Mr. President, it may be out of turn but there are a lot of fellows that have to make spot news out of that. Is it possible that we can have a copy here?

MR. EARLY: They could use that copy, sir.

THE PRESIDENT: We will post this in the Press Room.

Q Can you tell us the first name of Mr. Rice?

THE PRESIDENT: Honorable Stuart A.

Q Had you received a lot of complaints about that?

THE PRESIDENT: I would say not many more than there are always. There always have been complaints about it.

Q You say there had been some. I was wondering if there was any particular reason at this particular time?

THE PRESIDENT: No. It is just something that ought to be done and of course probably it will help, too, in preparing for the 1940 census. That is another factor.

There is a good deal of discussion going around the departments on the need of individual reports. This does not affect corporations, of course, or involve financial reports but on individual

census reports there is quite a lot of study being given by private organizations to a system that has been talked about in Australia, of making Election Day -- changing the name of Election Day to "Citizens' Day" and put a provision that when people go to vote, at the same time they will fill out a blank relating the various information that the Government ought to have. They will gather information, for example, on crop legislation -- crop statistics, how many cattle they have got, whether they changed their business in the past year or have gone out of farming or whether they have gone into farming or whether they are living in a rented house or buying their own house, at the same time giving them the opportunity on "Citizens' Day" to pay their taxes. (Laughter)

Q That is very funny.

Q That would cut the deficit a good deal, wouldn't it? (Laughter)

THE PRESIDENT: In other words, clean up all their business with the Government in one day.

Q You say that is in effect, or being spoken of?

THE PRESIDENT: It is being talked about in Australia. Whether it is being put into effect in any of their states or not I don't know. At the same time, they have also discussed the possibility of enacting a poll tax, let us say of five dollars, which will be remitted to you if you vote. It is not a bad idea -- not a bad idea for some of those present, I might say, besides others.

Q Would that apply to the District of Columbia? (Laughter)

THE PRESIDENT: They would go through all the functions of citizenship in one day. Of course you could get a doctor's certificate. (Laughter)

In that way the proponents of this thought are saying that it avoids a great deal of doorbell ringing to get information and you get, in large part, an annual census of things that you ought to have an annual checkup on. It is something you can write a piece about. I am not advocating it but it is an interesting possibility.

Q Can you tell us who the proponents are?

THE PRESIDENT: I don't know their names.

Q Have you received and read a letter from Mr. Amos Pinchot which is awaiting release?

THE PRESIDENT: No; he never awaits release. (Laughter) It is impossible.

Q It is twenty-one pages.

Q The polls in Pennsylvania will be open for about four hours yet.

THE PRESIDENT: Will they?

Q Do you wish to comment on Mr. Farley's statement of yesterday?

THE PRESIDENT: No.

Q Governor Johnston (Olin D. Johnston, of South Carolina) announced his candidacy for the Senate yesterday against Smith (Senator Smith) and issued a statement when he left the White House that he inferred you were supporting his candidacy. Is that right?

THE PRESIDENT: The same old phonograph record. Get Steve to turn it on for you, afterwards. The same applies to all the other people that come in here these days.

Q Does that apply to Mr. Farley also, and his statement? (Laughter)

Q Did you decide what to do about the Tax Bill?

THE PRESIDENT: It has not come to me yet. It had not been signed up

to twelve o'clock noon yesterday, and whether it can get to me tomorrow or not, I don't know.

Q Will you have a statement?

THE PRESIDENT: It will undoubtedly come via the Treasury Department.

Q Will you have a statement with the signing of the bill?

THE PRESIDENT: With the signing of the bill?

Q A statement with the signing of the bill?

THE PRESIDENT: I think you are assuming something. (Laughter)

Q Well, in either case? (Laughter)

THE PRESIDENT: No, I am not prognosticating.

Q Is there anything you can say to clarify the attitude of the Administration as to the Oregon primaries for Governor, for the Democratic nomination?

THE PRESIDENT: No.

Q There have been a number of reports printed about it, indicating that you favor one candidate or another.

THE PRESIDENT: Same old story.

Q Have you received a communication from Norman Thomas on the Hague incident in Jersey City?

THE PRESIDENT: I don't know. Have I? Does anybody remember?

MR. EARLY: I think there was a message received and sent to the Attorney General.

THE PRESIDENT: I guess that is it.

Q What about O'Connell, did he write a letter, too?

THE PRESIDENT: I think so and I think probably that same action was taken.

Q In 1935 you issued an Executive Order setting up an Accounting

Division in the Treasury Department to handle relief expenditures. Now the House has abolished that, that particular division, with the result that the agencies will do their own bookkeeping.

THE PRESIDENT: Not necessarily; your conclusion is not necessarily correct. It is a question that is being discussed now between the Treasury Department and Senator Byrnes. We do not want to end an independent check on accounting and how it will best be carried out is now being discussed between them. It does not necessarily mean that the language of the House bill will stop it because it can always be set up as a project.

Q They reduced the amount of money for that work from $8,000,000. to $2,000,000?

THE PRESIDENT: Yes.

Q Therefore they cannot hire many employees to do it.

THE PRESIDENT: That creates a problem which is now under discussion.

Q Do you intend to appoint Charles West to a Federal position?

THE PRESIDENT: Who?

Q Charles West?

THE PRESIDENT: Not today. (Laughter)

Q Your replies on these state primaries do really leave a difficult line of demarcation for us. Are we to assume that when a Cabinet Member or two Cabinet Members and a Secretary --

THE PRESIDENT: (interposing) My dear boy, I never knew that silence on my part left a difficult situation for you. (Laughter)

Q Cannot we assume that when these men speak they are speaking for the Administration?

THE PRESIDENT: I would not assume one way or the other. You will

continue to write your pieces, so it is all right. I won't kick.

Q Do you want the Reorganization Bill revived at this session?

THE PRESIDENT: Nothing on that today; no news.

Q Did you and Senator La Follette discuss the best technique for organizing liberal forces for liberal policies?

THE PRESIDENT: We talked about cabbages and sealing wax. (Laughter)

Q How about kings?

THE PRESIDENT: You will notice that I did not give the whole quotation.

Q There have been some stories in the papers recently regarding report of resignations of Cabinet Members. Both have been denied. Will you tell us what you believe the genesis of those stories to be?

THE PRESIDENT: Oh, I suppose it is like all other news. (Laughter) Sorry I cannot be more helpful today. (Laughter)

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #460,
Executive Offices of the White House,
May 20, 1938, 10.50 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: I am sending out today to the Congress the message on phosphates, you will all be glad to know, since it is somewhat overdue.

It does call attention to the need of phosphates in the land and to some rather interesting figures in regard to the supply of phosphates in the world. We probably have the largest deposits of phosphate rock, phosphorous rock, of any other nation in the world, and the rest of the phosphates is only in three countries, Russia and French and British Colonies.

Science has been more and more coming to the conclusion that land runs out in most climates if it does not have the phosphates renewed in it. Of course the whole thing ties up with soil conservation because, if land runs out, farmers abandon it and thereupon erosion sets in. In other words, it is tied in with the general soil conservation problem.

In the United States, about seven or eight billion tons of phosphate rock that has been located, nearly all of it, the great bulk of it, is out in the Rocky Mountain states. About the only chemical phosphate that is being produced at the present time in this country comes from Florida and Tennessee and a very large portion of the Florida phosphate is exported. Actually, of the entire supply of phosphate rock, probably the Government owns today, on public land, something like three quarters of it and it is a

very important thing to get a national policy as to the present development, including export, and the future development of phosphate, in view of these rather simple figures.

If you want to add a human interest touch to any story you write, it was brought home to me when I was preparing this message -- I haven't got it in the message -- the fact that no life can be successfully produced without phosphate. Just as an example, that includes human life, animal life and plant life. If you produce a crop for human consumption that is produced on a field with very little phosphate in the soil, it means that the children who eat hominy or the oatmeal do not get enough phosphate and of course we all know that the lack of phosphates in children is the cause of rickets and things like that. It is the same way with animal life of all kinds. It does not maintain its standard unless it gets phosphates out of its food. If cows do not get enough phosphate in the grass they eat, their milk has got less phosphate than it would have otherwise. So you can go on and enlarge on that ad lib. It really is a new thought for the American people that phosphate is necessary for all kinds of life, human, animal and plant and that is why it is of importance to this country for the next thousand years or so that we have a policy in regard to returning phosphate to the land.

Q Mr. President, is it not the idea with respect to plant food to have a combination of phosphate and nitrates?

THE PRESIDENT: Yes, and of course on the nitrate end of it --

Q (interposing) I was going to ask you about the nitrate side.

THE PRESIDENT: That is the other side, Fred (Essary). I am only a

layman on this but the general idea is that when you plough under a cover crop in order to help bring the soil back, or when you put on the other types of fertilizer and manures, you do increase the nitrates but you increase the phosphates very little. When you plough a crop back, the bulk of the chemical is the nitrate end rather than the phosphate end, and the two are absolutely essential.

Q Isn't the nitrate supply almost inexhaustible by reason of the power plants?

THE PRESIDENT: We are not troubled by the nitrate supply. You can always bring the nitrate factor in the land back by ploughing crops under.

Q Can you tell us what the recommendations are?

THE PRESIDENT: The recommendation is that the Congress appoint a Joint Committee to make an immediate study and report back, with recommendations on policy, at the next session.

Q Do you care to make any observations on the Primary results in Pennsylvania?

THE PRESIDENT: No. I took no part in it. I am taking no part in the Oregon Primary. That is all there is.

Q We notice that Mr. John L. Lewis is to be your luncheon guest today. Is that in connection with Pennsylvania?

THE PRESIDENT: I don't think so; I think it is on other matters.

Q Have you made a suggestion to the Munitions Board that they might reconsider the sale of helium?

THE PRESIDENT: Claude (Mahoney), the thing is under study. That is as far as I can go at this time.

Q Secretary Hull keeps referring us back to you.

THE PRESIDENT: We are still talking about it.

Q Would you care to endorse the candidates nominated in Pennsylvania by the Democratic Party?

THE PRESIDENT: Didn't I send a telegram yesterday? I think it was given out, either up there or here.

Q Yes, it was.

Q Do you desire the election of a Democratic governor in Minnesota this year? (Laughter)

THE PRESIDENT: Do you know, if I answered that question they would ask me something about a Democratic governor in every other state in the Union.

Q Don't you favor the election of a Democratic governor?

THE PRESIDENT: I don't think I am making any announcement about who I favor at this time, one way or the other.

Q Mr. President, do you favor the Senate Banking Committee's proposal that loans be withheld from railroads that have reduced pay?

THE PRESIDENT: I am not in it at the present time. Jesse Jones is talking to both the Senate and House Committees about it. I do not know what the present status is.

Q Have you any comment on the sale to Knoxville of the Tennessee Public Service Company's property?

THE PRESIDENT: No, the only comment I could make would be a somewhat caustic one so I won't make it. (Laughter)

Q Will this be your last message to the Congress?

THE PRESIDENT: Heavens, I don't know.

Q Mr. President, your Naval Aide, I think, leaves you at the end of

this month. Have you selected another one?

THE PRESIDENT: Not yet.

Q This Minnesota question raises another one that has been speculated over quite a bit by political writers over the last year. Do you anticipate that there will be a strong political party in 1940, or do you think we will remain on a two-party basis?

THE PRESIDENT: I am no prophet; sorry. (Laughter)

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #461,
Executive Offices of the White House,
May 24, 1938, 4.10 P.M.

MR. DONALDSON: All in.

THE PRESIDENT: Steve tells me there isn't any news at all in the White House or in Washington, except the news from Dublin.

(Referring to Secretary Ickes' marriage abroad.)

Q Is that all he told you?

THE PRESIDENT: Pretty good, wasn't it? That was clever.

Q What is the rest of it?

Q Can you tell us anything about the Baltimore mail line situation?

THE PRESIDENT: No, except what you know already. Apparently, legally, we cannot go ahead with additional subsidies to that line. It is losing money at the rate of -- I don't know what -- $40,000. or $50,000. dollars a month. There doesn't seem to be anything to do about it except what the Shipping Board is planning and that is to substitute smaller, somewhat slower ships so as to maintain the service out of the Chesapeake.

Q Mr. President, I think you have had for some weeks now a report by the Federal Trade Commission on living costs. Any reason why that should not be released?

THE PRESIDENT: Have I, Steve?

MR. EARLY: Yes, you have.

THE PRESIDENT: I don't know; I will have to find out.

Q Mr. President, can you tell us anything about your conference today with Mr. Lilienthal?

THE PRESIDENT: No; we talked about the general work of the TVA, the

Knoxville agreement that you all know about. There is nothing new.

Q Mr. President, did the visit today of Mr. Stern, the Philadelphia publisher, have any relation to the Pennsylvania political situation?

THE PRESIDENT: No, it did not.

Q Have you any further engagement, or any other engagement in relation to that situation?

THE PRESIDENT: No.

Q Mr. President, did Mr. Secretary McIntyre's conference with Dave Lawrence of last Friday give any indication that Dante's Inferno was calming down or that peace might be in sight?

THE PRESIDENT: I don't know; you will have to ask Mac.

Q Did you have a report on the Supreme Court's decision on the state taxation cases?

THE PRESIDENT: I think it is in my mail because I generally get a report from the Attorney General. I have not read it yet.

Q Anything on the Tax Bill?

THE PRESIDENT: Not yet.

Q Mr. President, are you likely to name a third member of the TVA before the close of this session?

THE PRESIDENT: I haven't thought of it one way or the other.

Q Under the authorization for a Naval increase, I notice you have requested funds for dirigible construction, among others. Have there been any further studies or additional information which will change the opinion as to the merit or worth of them in combat?

THE PRESIDENT: Nothing further, no further studies but there are going

to be along somewhat different lines.

Q Can you elaborate on that?

THE PRESIDENT: No, it is a military secret.

Q Have you decided against full Federal financing of flood reservoirs at this time?

THE PRESIDENT: That is still under discussion up at the House and Senate and down here. It is still being talked about and no decision reached.

Q Who is going to make the study of dirigibles, the Navy?

THE PRESIDENT: I am.

Q Is an amendment to the new Recovery Bill relating to financing by PWA of power plants acceptable to you?

THE PRESIDENT: I don't know anything about it.

Q There was an amendment that PWA could not loan in competition with existing plants and then Senator Barkley offered a compromise to that?

THE PRESIDENT: I don't know whether you are up to date on that. You had better check on it up on the Hill. The situation changes every three minutes.

Q In that same bill it is proposed to provide for the payment of $212,000,000. for parity payments?

THE PRESIDENT: The only tip I can give you is to read the statement I made when I signed the Farm Bill. See the last paragraph of it.

Q You would have to veto the entire bill in that case?

THE PRESIDENT: Read the statement, the last paragraph, when I signed the Farm Bill.

Q Is there anything in the German-Czechoslovakian situation that calls

for comment on the part of this Government?

THE PRESIDENT: You will have to ask the Secretary of State.

Q Secretary Early told us this morning that you are going on the air with your speech Friday afternoon at Arthurdale. Can you give us any advance dope?

THE PRESIDENT: I have no idea what I am going to talk about, really.

Q Are you going to make a speech at the Naval Academy on the second?

THE PRESIDENT: Yes; the same idea -- I have no idea what I am going to talk about.

Q The Senate proposes to provide $26,000,000. to begin anti-aircraft defenses on this coast. Are you in favor?

THE PRESIDENT: I did not know.

Q Would you be in favor of it?

THE PRESIDENT: I don't know. They are talking over two or three items. I think they total $42,000,000.

Q Yes, that is right.

THE PRESIDENT: That is under discussion between them and the Budget at the present time.

Q What, sir, is the occasion for the Friday afternoon speech, if any?

THE PRESIDENT: Giving diplomas to the high school graduates at Arthurdale.

Q Mr. President, have you selected a successor for Mr. Hanes, who was leaving the Securities and Exchange to go with the Treasury?

THE PRESIDENT: I probably won't think about it until toward the end of June because he is not leaving the Securities and Exchange Commission until the first of July when his present work is finished.

Q Have you selected an Ambassador to Moscow to succeed Joe Davies?

THE PRESIDENT: Not yet. When does Joe leave there, the end of this month?

Q Yes, I think at the end of June.

THE PRESIDENT: Yes.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #462,
Executive Offices of the White House,
May 31, 1938, 4.00 P.M.

THE PRESIDENT: Why don't you go out and look for the Daisy Chain?

Q We have given it serious consideration one or two times.

THE PRESIDENT: You know, you have never played the Vassar end. And it is good all through the summer because they have a summer school.

Q Didn't you make a speech to the summer school one time?

THE PRESIDENT: They have a summer school on euthenics.

MR. DONALDSON: All in.

THE PRESIDENT: Excuse the hilarity in the front row. We are talking about Vassar College. It is all right. Mr. Storm is soliloquizing on Vassar College. (Laughter) That is off the record.

Q (Mr. Storm) God, I hope so.

THE PRESIDENT: I don't think there is any news at all today, which is grand.

Q Mr. President, can you add anything more to what Senator Barkley said today about consideration of the Reorganization Bill?

THE PRESIDENT: No, nothing more than they told you when they went out this morning.

Q He said there would be a statement tomorrow, very definitely.

THE PRESIDENT: So I understand.

Q Will that come from you, sir, or up the Hill?

THE PRESIDENT: Up the Hill.

Q From whom up the Hill?

THE PRESIDENT: I don't know.

Q Were you consulted with respect to the statement made by Harry Hopkins last week on the Iowa Primary?

THE PRESIDENT: No, I was not. Now, look, here is the trouble: You ask me a question like that and it is just like the candidate himself who has heard his opponent say something about the Administration being for him and demands to know of the White House whether the statement was correct. If I say, "Yes," -- if the White House says, "Yes," or Steve says, "Yes," it is promptly interpreted as being in favor of one candidate. If the White House says, "No," it is promptly interpreted as being in favor of the other candidate. In other words, it is one of those questions, as you realize, that if I say, "Yes," or "No," it will be construed one way or the other for political advantage in a Primary. Now, as a matter of fact, I will give you the answer off the record, but I have got to stress that it is off the record. I did not know a thing. But suppose you print that, what will happen? One candidate will promptly say that the other candidate has not got the endorsement of the Administration. You see how perfectly impossible it is. Now, hereafter I am not going to answer questions of that kind either from candidates or from the Press.

Q May I ask this one other question?

THE PRESIDENT: Yes.

Q You are favoring neither candidate?

THE PRESIDENT: I am taking the same position there that I have taken in the previous Primaries. Now, that is all I am going to say.

(Laughter)

Q Mr. President, I understand that Victor Anderson, who is District Attorney in St. Paul, is now one of the dozen Democratic candidates in Minnesota. Why are you objecting to the removal of Victor Crisgeau [Christgau] as WPA Administrator?

THE PRESIDENT: I don't know anything about it at all, not the faintest idea.

Q Senator Harrison says that you were misinformed about those taxes in your speech at Arthurdale. Anything you can say about it?

THE PRESIDENT: No, because I think first of all I would have to read Senator Harrison's speech, which is on my desk at the White House in the Congressional Record of Saturday.

Q Mr. President, have you had a report from the Department of Justice on the Supreme Court decision in the tax exempt case? Can you tell us whether it comes in line with your tax exempt ideas?

THE PRESIDENT: Yes, I have just had a report that came in last week. I have not got it here. It is one of those things that I would hate to talk about casually. It is in the Attorney General's report on cases.

Q Will you talk about it sometime?

THE PRESIDENT: No, I don't believe so.

Q I think it is a little early to ask you, sir, but you signed a bill today giving the District of Columbia four more judges. Have you had time, sir, to consider anybody?

THE PRESIDENT: No. The recommendations started coming in -- when was it? -- about a year ago and that list has been constantly added to until, with the accretions, it now amounts to about 220 names for the four posts.

Q Mr. President, there have been stories that the White House has been asked for support, by backing the Florida Ship Canal, for this bill up in Congress to reauthorize that project.

THE PRESIDENT: There have been requests, pro and con, for the last two years. There isn't any news on it at all. Nothing has been done one way or the other. It is left strictly to the Congress.

Q Are you going to do anything more at Annapolis other than deliver the speech? Are you going to pass out the diplomas?

THE PRESIDENT: Yes, I think so.

Q Will there be an advance on the speech?

THE PRESIDENT: I doubt it.

MR. EARLY: No, sir.

Q Just a short one?

THE PRESIDENT: Nothing of national importance in the speech except the fact that these young men are graduating and that is of national importance.

Q How about international importance?

THE PRESIDENT: No, that won't be in it. That might come before they reach the age of sixty-four.

Q Is your possible trip to South America and the West Coast any more definite?

THE PRESIDENT: There has never been anything definite, especially the South American end of it.

Q How about the West Coast?

THE PRESIDENT: It is just one of those things. I don't know yet. I would like to, very much, and if I do go, I would go in early July.

Q In early July?

THE PRESIDENT: If I do go, I will go in early July and come back through the Canal, but the thing has not been arranged, even as to the time table.

Q Do you hope to go to Campobello later in the summer?

THE PRESIDENT: I don't think there is a chance.

Q Have you decided whether you will accept Senator Bulkley's invitation to talk in the Muskingum Conservance District the day after Marietta?

THE PRESIDENT: Mac (Mr. McIntyre) is now working on the time tables to see if I can do them both in one day. If I cannot do both in one day, I will have to give up Muskingum.

Q Is your Swedish trip on, sir; the Swedish celebration?

THE PRESIDENT: Yes, the twenty-seventh.

Q Of June?

THE PRESIDENT: Yes.

Q Can you tell us anything about new appointments? There are a lot of vacancies, the S.E.C. and the Board of Tax Appeals?

THE PRESIDENT: No. There are one or two that were signed today that are going up tomorrow. Nothing very important yet.

Q Not I.C.C. or S.E.C. in those?

THE PRESIDENT: No.

Q Can you comment on the Hatch Amendment under which persons administering relief funds would be eliminated from endorsing political candidates?

THE PRESIDENT: I don't know it.

Q It virtually extends the same sort of ban that now exists in Civil Service.

THE PRESIDENT: I haven't seen it at all. Has it passed?

Q No, sir.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #463,
Executive Offices of the White House,
June 3, 1938, 10.50 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: Last night I approved another fifty-seven million of Federal loans for slum clearance for the U. S. Housing Authority, eight cities, Allentown, Pennsylvania, Baltimore, Birmingham, Buffalo, Cleveland, Columbus, Detroit and Pittsburgh.

The room rent per month will run from $3.75 to $4.25. So far, today, we have earmarked funds in different cities, including a great many small cities, to the extent of $357,000,000., and loan contracts that have been approved out of that sum are $111,000,000.

Mr. Straus told me last night that as far as we can guess there will be about $50,000,000. a month more coming along now pretty steadily through the balance of the year.

Q For how long a period is that? Is it since the Housing Administration has been in office?

THE PRESIDENT: Yes, these are all new.

I don't think I have got anything else.

Q Mr. President, there is a story in the morning papers that you have named a committee, headed by Gerard Swope, to study the British Trade Union Act with reference to the National Labor Relations Board.

THE PRESIDENT: I regret that that story came out because it is essentially cockeyed. (Laughter) I mean it is all wrong.

The fact is that there is a group either going to be on the other side or going abroad for it this summer who will study the British Labor Relations Act.

The trouble with the story is that it relates it to the National Labor Relations Act, which is not true. The real reason for it is this, that there has been a great deal of misinformation in this country in regard to what the British methods are. There have been all kinds of perfectly crazy, wild statements that have been made about the British procedure, and I thought it would be just as well, and for the benefit of the Press, to get a statement as to what the British system is. So I am doing this out of the kindness of my heart to get some real facts for all of you people, and not so much for you people but especially for editorial writers and columnists and people like that. So these people are going over and are going to study the thing and give us a very clear, simple,"words-of-one-syllable" statement as to what the British procedure is.

Q Is this to be purely educational?

THE PRESIDENT: Educational.

Q Does that statement mean you are not going to favor amending the Wagner Act at any time?

THE PRESIDENT: No relationship. It has nothing to do with it. That is what happened this morning. Steve came in and said, "This study will be a comparative study?" I said, "No. It is for educational purposes as to what the British system is."

Q Has no relation to amendments?

THE PRESIDENT: No, sir; none at all.

Q Are you satisfied with the Labor Act, the National --

THE PRESIDENT: (interposing) I would have to repeat what I said before, that the whole subject of labor relations is an evolutionary one. We are way behind Great Britain, shall I say, on the progress of evolution? We have a great deal to learn from the past experience of other countries.

Q Can comparisons be avoided then?

THE PRESIDENT: After the report is made, you will have something to make a comparison on, but you haven't now.

Q Can you tell us who will be in this group?

THE PRESIDENT: I cannot tell you yet because the list is not complete. Probably seven or eight different people.

Q Some of them labor leaders?

THE PRESIDENT: Oh, yes.

Q And employers?

THE PRESIDENT: Yes. There will be really three groups, labor people and employers and some Government people.

Q What category does Lloyd Garrison fall in?

THE PRESIDENT: Well, Government, I suppose.

Q When you were speaking to Mr. Straus last night with respect to this money, did you take up any of those local projects in Washington?

THE PRESIDENT: No, Washington isn't on this list.

Q We were told specially today that you were going to have something to say about Washington.

THE PRESIDENT: It is not in here at all so I cannot tell you about it.

Q Is there something to be given out here on that list?

THE PRESIDENT: You had better go to Nathan (Straus) about it. He has the complete details. I have some here but they are mostly figures.

Q The British Labor Disputes Commission report -- will it go to you or to Congress?

THE PRESIDENT: I don't know. I think that will be completely immaterial.

Q Will you tell us whose idea it was?

THE PRESIDENT: Mine.

Q Will they make a study in any other country?

THE PRESIDENT: No.

Q Mr. Garrison and Mr. Swope were named in this story. Have they been chosen?

THE PRESIDENT: I really do not know. I have not got the list. I would tell you if I had the list.

Q Did you see Speaker Bankhead this morning?

THE PRESIDENT: Yes.

Q Can you tell us anything about it?

THE PRESIDENT: No; it was a personal matter.

Q Mr. President, the Works Progress Administrator in Minnesota has been removed and asserts that only you can remove him. Can you comment on where the power of removal in the case of a state WPA administrator resides, or will you say whether you will remove Mr. Crisgeau? [Christgau]

THE PRESIDENT: I don't know. I never thought of it. What you tell me is news to me. I did not know, except in the headlines, that

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he had been removed. I would have to ask the Attorney General and a lot of people what the powers are.

Q It hit the Senate floor in a big way last night.

THE PRESIDENT: Did it?

Q I hate to bring this up again, but was there any discussion of the Passamaquoddy Power Project in relation to the St. Lawrence Basin Message?

THE PRESIDENT: No. There may have been at the State Department; there was not over here.

Q Mr. Hull said not.

Q If we may presume to pry into personal matters, did the discussion with Speaker Bankhead relate to the adjournment of Congress?

THE PRESIDENT: No. If you want to know, off the record, the Speaker came in here and said how awfully sorry he was that he could not go down the river this week end because he wanted to go down and see poor old Jack Cochran, who lost his wife.

Q Whom are you taking down the river?

THE PRESIDENT: Just the family.

Q Leaving tomorrow?

THE PRESIDENT: Go over to Annapolis at 1.00 o'clock and get back Sunday afternoon. Same old trip.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #464,
Executive Offices of the White House,
June 7, 1938, 4.10 P.M.

MR. DONALDSON: All in.

THE PRESIDENT: There are a couple of matters that I wanted to mention.

It has developed -- it is an old practice but it has started up again -- that in these applications for PWA funds a lot of municipalities, counties, and so forth and so on, are told erroneously that it is a good thing to do to hire a lawyer down here or send a lawyer down here as a paid representative to secure allotments of public funds for their projects. I would be very grateful if you would all carry in some way the thought that that thing is not necessary, completely unnecessary expense, but that actually where lawyers are hired to do that, where the municipality can do it directly just as well, there is a natural tendency on the part of Government to look a bit askance at it. They get much more favorable -- they create a much more favorable impression if they come direct without hiring a lawyer, so if you can in choice terms express that thought better than I have, I think it would be a good thing.

The other thing relates to a question that I have had from, I suppose, a dozen different sources; I don't know whether or not any of you people have had queries on it. It is this business of American pilots, aviation pilots, undertaking to participate actively or passively in revolutions against existing governments in different parts of the world, flying planes to aid revolutionists, hiring out their services as pilots or mechanics to aid

revolutionists. Well, of course you cannot arrest a man who tries to do it, but a great many of these people, pilots especially, are licensed by the Government of the United States. They have licenses or commissions from the Federal Government and it is contrary to American polity for American citizens to go and take part in revolutions in existing governments anywhere in the world. And if this thing in the future -- I am not referring to any specific case -- if this thing should become more active in the future than it has been in the past, we propose to do everything we can, as a government, to take their licenses or commissions away from them. That is about all we can do to them, but they ought to have notice served on them that that is what is going to happen to them.

Q Does that apply to men fighting, Mr. President, on the side of an accredited government?

THE PRESIDENT: Normally speaking, no.

Q You mean just a revolution? How about foreign wars?

THE PRESIDENT: I am not talking about that subject; I am talking about this revolutionary business. It is an entirely different subject; you run into Neutrality Acts and things like that.

Q Do you regard the Spanish War as a revolution?

THE PRESIDENT: Oh, I don't know; that has been characterized already. It is a war and of course it is a revolution.

Q Is the civil war a revolution, Mr. President? (Laughter)

THE PRESIDENT: Yes. Sometimes they call it a war between the states.

Q Yes, that is what I was thinking about.

THE PRESIDENT: Sometimes they call it "the late unpleasantness." There are lots of names for it. Use your imagination and look

into the history book.

Q Anything on the Iowa Primary?

THE PRESIDENT: Perfectly good carrying out of a perfectly good system of party government.

Q Mr. President, do you expect to send a letter to Senator Gillette as you did in the case of Governor --

THE PRESIDENT: (interposing) I will undoubtedly see him; he will be back in twenty-four hours and undoubtedly he will come down to see me.

Q Now that the Iowa Primary is over, do you care to state whether you think it is proper or correct for a WPA official to take a stand in that test?

THE PRESIDENT: If I had been born and brought up and gone to college in Iowa, I would have felt absolutely at liberty to express my opinion as to what was going on in a Primary in what was my home state. You will also note what Mr. Hopkins said -- it is on the ticket -- about the influencing of WPA votes and I think everybody in this room should know that. There is a good deal of smoke going on around here, which is based on -- never mind, I won't characterize it, you know what it is -- it is based on a desire to write a story on a certain line and the stories are written on certain lines to please the editor -- the owner, I mean. I always differentiate.

Q You have, sir, a good many judgeship vacancies, I believe, under this new bill, Mr. President. Can you tell us whether you will adhere to rules you laid down some time ago that they would be filled by men under sixty years of age?

THE PRESIDENT: So far as I know, I know of no exceptions to that rule.

I think the rule, Fred (Essary), has been violated twice. I think twice I have appointed people who were sixty-eight or sixty-nine years old.

Q Were they promotions?

THE PRESIDENT: They were promotions, promotions with the understanding -- not the understanding but the statement on the part of the man promoted that he expected to retire when he was seventy and I think they have done it. That was a promotional case, though.

And on this question of judges, just to forestall more queries, in the course of the next week I think I have about twenty-four different places to fill and it is physically impossible to make all the necessary checks. You see, the bill was only signed about five days ago. I cannot possibly send those names or a majority of them to the Senate, if the Congress adjourns within the next ten days so I am a little bit in a quandary. I have to do pretty careful checking and so what I hope -- although it is not necessary at all -- is that I may be given the same right that was given, I think, in 1933 when there were a lot of new places created so that if I fill the vacancy, the new place, after adjournment of the Congress, they would draw pay until such time as their nominations had been acted on at the next session so that, for example, in a number of these judgeships, where I could not complete my studies before the Senate adjourned, I could then go ahead and appoint sometime during the summer and they could draw pay up until their names were acted on at the next session of Congress.

Q Did you ever get the law point cleared up that for the vacancies, not new offices but vacancies, you can make recess appointments?

THE PRESIDENT: I can make recess appointments but they do not draw pay.

Q They are taking a chance?

THE PRESIDENT: They are taking a chance.

Q You have a number of other appointments that occurred during this session?

THE PRESIDENT: Yes.

Q Have you any of those?

THE PRESIDENT: I sent up four or five today.

Q Is the Comptroller appointment ready yet, Mr. President?

THE PRESIDENT: Not yet.

Q Have you heard anything from the Attorney General of the investigation of the possibility of prosecuting Frank Hague?

THE PRESIDENT: I find the Attorney General is away. Joe Keenan is here. (Mr. Keenan was sitting in back of the President) I will ask him after you all go out. (Laughter)

Q Do you contemplate filling the vacancy in the Comptroller General post?

THE PRESIDENT: Not at this time.

Q Mr. President, I believe the Bureau of the Budget calculates that four and a half million dollars is a proper figure for administration of the United States Housing Administration. I understand that Congress has cut that in half. Is there any way of giving that back to the U.S.H.A.?

THE PRESIDENT: That is a new one on me; I don't know. I was talking to Danny Bell today and he never mentioned it.

Q Out of that twenty-four judges there are four, I think, within the

confines of the District of Columbia?

THE PRESIDENT: Four new ones; one is to the Circuit Court of Appeals and three District judges.

Q Would you consider that a local appointment or one beyond the confines of the District of Columbia? We have a lot of lawyers that would like that. (Laughter)

THE PRESIDENT: This is going to be an awful shock to you but I have to tell you quite frankly that the District of Columbia is the National Capital and lawyers from any state or territory of the United States are eligible for posts here.

Q Yes, sir; they are here now. (Laughter) A lot of them are lobbying and you might as well give them a job on the Bench. (Laughter)

THE PRESIDENT: That is not a bad idea. (Laughter)

Q Are you considering a woman for one of the District judgeships?

THE PRESIDENT: I think there are two hundred and twenty applications filed so far and I have not segregated them in accordance with sex so I cannot answer your question. (Laughter)

Q I had one in mind. (Laughter)

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #465,
Executive Offices of the White House,
June 10, 1938, 10.50 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: There is just one little thing that is rather unusual in Government. The Special Mexican Claims Commission was appointed three years ago in August of 1935, to hear and determine the various claims of Americans against Mexico, most of the claims arising out of the former revolutions in Mexico. The Commission was given three years to make their final determination and report and the three years are not up until August thirty-first. They have therefore completed their work two and one-half months ahead of time, and on the fifteenth of June, five days from now, I sign an Executive Order that terminates all of their duties and they go out of existence. The whole thing is all settled. They will have actually paid into the Treasury, on account of these claims by Mexico, more than two million dollars and, under the terms of the agreement, payments will continue and the amount in hand, two million dollars, will, I think, be used immediately to pay a percentage on the awards. It is a very satisfactory termination of this Commission's work.

Q Have you the total, sir?

THE PRESIDENT: It is a sort of a record for a commission to be appointed, told to report within a given number of years, and to finish their work well ahead of time and be thanked and discharged.

Q What is the total? You mention two million dollars now and more to come.

THE PRESIDENT: I don't know.

Q Have you ordered Victor Christgau to resign as WPA Administrator for Minnesota?

THE PRESIDENT: Yes.

Q Following your talk yesterday with Jesse Jones, there are rumors or thoughts about that you might send some sort of a railroad message to Congress?

THE PRESIDENT: I do not contemplate it. I said all I could say in one message.

Q Mr. President, getting back to this Mexican thing, is there any possibility of a similar Claims Commission being appointed or authorized to settle the oil expropriations?

THE PRESIDENT: I don't think it has got to that stage of the discussion. The discussion is still going on.

Q Still in diplomatic channels?

THE PRESIDENT: Yes.

Q Have you decided on the personnel of the commission which will study labor legislation in Great Britain?

THE PRESIDENT: I have not had any report on that from the Labor Department at all. I suppose it will come along very soon.

Q Do you believe that Congress should take into consideration, in drafting railroad legislation, if any, the proposal of railway managements to cut wages?

THE PRESIDENT: I have already -- as I just said, I sent a message to Congress on the problem of the railroads and there is nothing further to add.

Q Anything new on the Ambassadorship to Moscow?

THE PRESIDENT: Not a thing; it has not even been discussed.

Q Is the Administration interested in this new postmaster selection bill that is up before Congress now?

THE PRESIDENT: You mean the --

Q (interposing) -- the one that gives you the privilege of selecting from the top three.

THE PRESIDENT: Yes, very much. It is very definitely a step ahead. Of course it has not come to me for signature but I understand they are agreed.

It places all the positions, first, second and third, which were not under the Civil Service except by Executive Order, it places them in the Civil Service System. The Commission will certify to the Postmaster General the three eligibles rated highest in the examination for the consideration of the President. In that certification the regular, permanent staff of the Post Office Service is eligible to take these examinations, even for the first class offices. It is a very distinct step in the right direction.

Q Do you think there is anything further that this Government could or should do beyond the Welles' statement respecting bombing of China?

THE PRESIDENT: You will have to ask the State Department.

Q Could you comment on the causes for Christgau's removal?

THE PRESIDENT: No.

Q Can you tell us what states in the far west you intend to visit, besides California?

THE PRESIDENT: Well, I will have to visit all the states between here and California on the route I am going because I am not going by

air.

Q What route are you going from Texas?

THE PRESIDENT: Going from Fort Worth out, as far as I can tell now -- this is, of course, still tentative -- from Fort Worth out through Amarillo and, let me see, before you get to Amarillo you go through Wichita Falls, I think, and then Amarillo and then up -- I couldn't even tell you the name of the railroad from there to Pueblo. You see, what I am heading for is San Francisco. Pueblo, and then through the Royal Gorge, which most of you haven't seen with me -- you will find the scenery excellent -- and we are going through the Royal Gorge by day and then -- that is Colorado, of course -- and then through Utah, Nevada and then down to San Francisco.

Q Are you going into Yosemite?

THE PRESIDENT: Yes, I have never been there and so, for your benefit and mine, I hope we will have a day in Yosemite and see the Susan B. Anthony tree.

Q What about the Oklahoma part of the trip?

THE PRESIDENT: As I remember it, we leave here and we go through West Virginia into Ohio and from Ohio into Kentucky, then from Kentucky into Tennessee, I think -- I don't know which way we are going from there, either by way of Memphis or St. Louis and into Oklahoma and from there down to Fort Worth.

Q Going to what places in Oklahoma?

THE PRESIDENT: Oh, I think it is -- I think it is the ninth or the tenth, I have forgotten which.

Q Mr. President, Governor Murphy, of Michigan, was here the other day and he was quoted as saying that when you went up to dedicate the

international bridge at Port Huron, Michigan, that you would swing into Wisconsin and Minnesota.

THE PRESIDENT: That is so far off that it is entirely problematical. There are a lot of international bridges that have to be dedicated by Canada and the United States sometime between August and January. There are three international bridges and a peace park.

Q How far south do you plan to go on the cruise?

THE PRESIDENT: Just to -- not below the equator, and that is not a South American trip -- Galapagos Island and if I have to come back in a hurry, instead of going there we will go to the place you love so much, the Cocos Islands and stay about three or four days.

Q Can you tell us how many speeches you expect to make on this railroad trip to the West?

THE PRESIDENT: I haven't the faintest idea.

Q There will be probably several?

THE PRESIDENT: Probably the only formal speech will be at Marietta.

Q When at Marietta, will you go to the Muskingum Valley?

THE PRESIDENT: I just plain won't have time. I'd like to.

Q Will there be some other trips later on before the November elections?

THE PRESIDENT: I haven't the faintest idea. There are three international bridges and a peace park to dedicate. (Laughter)

Q You say these plans are tentative. How far are they tentative?

THE PRESIDENT: After I get back from the cruise everything is tentative.

Q I mean on this particular trip.

THE PRESIDENT: They are pretty well set.

Q Regardless of what Congress does?

THE PRESIDENT: Oh, Heavens, do you think they will still be here then?

(Laughter)

Q They might be. (Laughter)

Q Do you intend to fill the vacancy on the Securities Commission before Congress adjourns?

THE PRESIDENT: No, there isn't any.

Q Might I ask about Governor Case's place on the Communications Commission?

THE PRESIDENT: No news on the appointments until they go up. I am sending Stewart McDonald's up today for reappointment. That is the only one.

Q Does your answer on the railroad situation cover also a possible letter to the chairmen of the committees?

THE PRESIDENT: Yes, same thing.

Q Did you see the story in the Herald-Tribune this morning that twenty-eight Senators had come to the Vice President and suggested that there --

THE PRESIDENT: (interposing) The only story I read this morning was Cissy Patterson's, who said she is in favor of monopolies.

Q In view of the widespread discussion, will you outline the political powers delegated to Tom Corcoran? (Laughter)

THE PRESIDENT: Ask Roy Howard. He lunched with me the other day and I told Roy Howard that he had been reading the papers. That is the best answer I can give. We all laughed. It is a boogeyman that has been set up. That is the best way we can put it.

Q Has a petition been received by you from some South Chicago perch fishermen, who had been fishing from a park pier?

THE PRESIDENT: What did they do, fall in?

Q The WPA workmen nearby were so interested in seeing the fishing that they did not do shoveling. Now the park has revoked their permits and they are afraid they will have to go to work instead of perch fishing. (Laughter)

THE PRESIDENT: As far as I can see, everybody gains except the fish. (Laughter)

Q There was supposed to be a petition signed by the fishermen asking for your intervention.

THE PRESIDENT: I am all for the fishermen. (Laughter)

Q Have you any comment on the bill passed to extend the emergency interest rate on Farm Credit loans?

THE PRESIDENT: It hasn't come to me yet. I cannot comment on it yet.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #466,
Executive Offices of the White House,
June 14, 1938, 4.08 P.M.

MR. DONALDSON: All in.

THE PRESIDENT: Right. What is the news?

Q You tell us, sir.

THE PRESIDENT: Ain't got none.

Q Mr. President, there seems to be some confusion up on the Hill as to railroad legislation at this session. Do you want to see railroad legislation before Congress goes home?

THE PRESIDENT: It is a perfectly simple position. I sent a message and explained the situation very clearly and told them that I hoped they would have legislation and if they can pass any legislation which will be helpful, it would be very nice, and that is all.

Q Mr. President, in the second deficiency appropriation bill, when it passed the House, there were items for the War Department building and Social Security building, with appropriate amounts, about $6,000,000, and when the bill came out of the Senate Committee those items were missing, they were not there.

THE PRESIDENT: Did they find them?

Q No, sir.

THE PRESIDENT: I hope there will be a searching party, and I hope they will find them.

Q Would you like to see them back again?

THE PRESIDENT: Very much.

Q Anything you can do to get them back?

THE PRESIDENT: Except to encourage a searching party. (Laughter)

Q Are you doing anything to prevent airplanes going to Japan?

THE PRESIDENT: Oh, I think the Secretary of State covered that pretty well the other day.

Q Mr. President, you said last week that you would ask Joe Keenan what progress, if any, has been made in the Jersey City situation. Did Joe reply in any way?

THE PRESIDENT: I haven't. I forgot to ask. I will.

Q Mr. President, do you contemplate dollar devaluation within the near future?

THE PRESIDENT: Who is asking, London, Amsterdam, Paris or Wall Street?

Q Fred Storm of the United Press. (Laughter)

THE PRESIDENT: Same old answer.

Q Has final selection been made of that committee to study labor legislation in Great Britain?

THE PRESIDENT: Not yet. I guess it will be in a few days.

Q Any names?

THE PRESIDENT: They haven't sent me any names at all. They sent one name and asked if it would be a good idea to appoint him and I said, "Yes," but I haven't the list.

Q Is an appropriation to be made or is that taken out of the Labor Department funds?

THE PRESIDENT: Labor Department funds.

Q You don't know how much will be allocated for it?

THE PRESIDENT: No. I think most of the people are on the other side anyway.

Q Of the water?

THE PRESIDENT: So the total cost is very little.

Q How long will they be over there? Do you figure it will be a long time?

THE PRESIDENT: A few weeks.

Q Do you expect to discuss war debts with Ambassador Kennedy when he returns?

THE PRESIDENT: Not that I know of.

Q Do you know yet when you will leave for Nahant?

THE PRESIDENT: No. The last moment I can leave is Friday evening, about 7.00 o'clock and I will go as much before that as I can, that is the last day.

Q You have not decided yet where you will meet the POTOMAC?

THE PRESIDENT: It depends on when I can leave. If I cannot leave by Thursday noon, I won't meet the POTOMAC at New London, I will meet the POTOMAC up somewhere north of Boston.

Q Mr. President, can you tell us what you discussed with Mr. Lasker?

THE PRESIDENT: Oh, lots of things. Nothing of any particular news value.

Q Was there any news value in the visit of the Civil Service Commission today? They referred us to you.

THE PRESIDENT: We were talking about an Executive Order that we are not ready on yet relating to registers -- future registers and changing a good many of the present regulations of the Commission relating to examinations, mostly in minor detail, but it is one of those things that takes about forty pages and they came in to explain the whys and wherefores for these many minor changes.

Q When you say "registers," what do you mean?

THE PRESIDENT: Civil Service lists.

Q Will these changes have a marked effect on the regulations?

THE PRESIDENT: No, not at all.

Q In view of the fact that Senator Duffy and Mr. Farley remained behind after the Letter Carriers' invitation came to you today, is there anything you can tell us about Wisconsin politics?

THE PRESIDENT: Nothing came up. I think we were swapping some stories. They were only able to stay behind a minute and a half. They might have visited Mac, I don't know.

Q Did you talk about the possibility of going to Wisconsin?

THE PRESIDENT: No.

Q Can you tell us what you talked to Senator Green about today?

THE PRESIDENT: What did I talk to him about? Oh, he presented the name of somebody for something. (Laughter)

Q Would it be an administrator?

THE PRESIDENT: I cannot tell you all those things. It was somebody for something.

Q He might have presented our bar bill from the Muenchner King a couple of years ago. (Laughter)

THE PRESIDENT: That is right, too; I remember that party. (Laughter)

Q Do you expect to have the yacht in Nahant Friday night for the dance?

THE PRESIDENT: Yes, I am going to be on board as soon as they get up there.

Q It will be definitely there Friday night?

THE PRESIDENT: Oh, yes; I will be sleeping on it if I can get there in time. I may not get there until Saturday morning.

Q My point is whether or not the yacht will be there Friday evening.

THE PRESIDENT: Oh, yes, the yacht will be at New London on Thursday at 7.00 P.M. and if I cannot get away from here in time to meet her there, it will proceed through the Canal up to Nahant and I will join her up there.

Q Mr. President, in view of the great flood distress in China, would you consider reviving your appeal to the American people for contributions to the Chinese Civilian Relief?

THE PRESIDENT: I would not say "reviving" it. Did I ever state a specific sum? I don't know.

Q A million dollars?

THE PRESIDENT: Then let it go just as many million dollars as it is possible because the need is very, very great. The more the better.

Q Have you heard anything new from High Commissioner McNutt as to when he is coming home?

THE PRESIDENT: I haven't heard a word.

Q The Senate passed the Air Authority Bill yesterday. How soon do you think you will be able to appoint the personnel to start that setup functioning?

THE PRESIDENT: I don't know.

Q Before you start on this western trip?

THE PRESIDENT: I hope so. I hope to get most of the appointments made before I start west.

Q Does that include the new member of the S. E. C.?

THE PRESIDENT: No, there won't be any vacancy before I start west.

Q Did you get any authority for your recess appointees to be paid until the next session?

THE PRESIDENT: I think they have the resolution but it has not been acted on. Of course one of the principal reasons for the resolution is this, that there are a good many people who cannot afford to go without a salary between this summer and next winter; they are not rich enough to go without the salary. Of course it has been customary in every case to give them the salary, even though they are not confirmed, so that I feel in the long run there is not very much difference and it enables a poor man to take tne job where otherwise he could not take it.

Q In other words, if they do not pass the resolution your field is limited?

THE PRESIDENT: If they do not pass the resolution my field is more limited.

Q Will you be back here between the wedding and the time you go west?

THE PRESIDENT: Oh, yes; sometime next week and then I have the Swedish reception, et cetera, and then New York and then I am back after that.

Q Will you go from here to Wilmington?

THE PRESIDENT: Yes, from here. I will be back here next week.

Q Can you tell us what you wrote Secretary Woodring in regard to the use of rivers and harbors funds, this bill that was signed Saturday and announced today?

THE PRESIDENT: I cannot without a copy of it because it related to the various departments concerned. You know part of it goes to agriculture and soil erosion, part of it relates to the possibility of power development and this memorandum only related to our getting all the various interested parties together to coordinate the

work.

Q Coordinating the relief program?

THE PRESIDENT: No, this was the rivers and harbors. Well, relief comes into it, too.

MR. YOUNG: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #467,
Dutton Lumber Company Wharf, Poughkeepsie, N.Y.,
(The President was seated in his car with his son, John, seated with him.)
June 20, 1938.

THE PRESIDENT: You all know this distinguished gentleman over here in the corner? (Indicating his son, John.)

Q I have seen him before.

Q Any news we ought to know about?

THE PRESIDENT: No, I have been telling John the news.

Q He will scoop us. He won't tell us anything.

Q Any callers today?

THE PRESIDENT: Mr. and Mrs. Chester A. Arthur. He is the son of the late President.

Q What is it about?

THE PRESIDENT: Social visit, not another thing.

Q Are you going to see Joe Kennedy?

THE PRESIDENT: I don't know yet. I don't know whether he is coming up here from New York. I have not heard a word on what his plans are when he lands. I will see him either up here or in Washington. No arrangement has been made.

Q You will have to act on the Wages and Hours Bill?

THE PRESIDENT: Oh, my Lord! I will try to give you, for this afternoon, a story on the number of bills still out. I could not tell you right now. There may be two hundred or may be three hundred. Let's just get hold of Rudolph (Mr. Forster) to let us have those figures, the number of bills that are still out.

Ninety-five per cent of the bills that are sent to the

White House, after they have been acted on by the Speaker and the President Pro Tem, after they come to the White House they are sent out to the departments concerned for comments and recommendations so, of course, I do not get them back for anywhere from two to six days.

Q There has been some talk around Washington that an extra session might be called for the purpose of making railroad loans. Is there anything you can tell us on that?

THE PRESIDENT: It was John O'Connor who started that story. I won't comment on that.

Q It started on the Hill.

THE PRESIDENT: It started on the Hill.

Q Any appointments, Mr. President, that you are going to fill while up here?

THE PRESIDENT: Fred (Mr. Storm), I have not thought of appointments since last Friday morning.

Q Still planning to go back --

THE PRESIDENT: (interposing) Either Wednesday night or Thursday night.

Q Are you going to see the last race of the Poughkeepsie Regatta?

THE PRESIDENT: If I can make it. It depends on when I can get away from Wilmington. The POTOMAC will be here and I told Captain Clark that if I could make it I would get on board and go over to the finish and see the last race. If I am not here, he can take any of the Navy crew members, their families and friends and the Naval officers with him on the POTOMAC and go over and see it. He can use her as an observation boat.

Did you hear this one, only for God's sake don't let this get out. (The President then told a story about the Harvard-Navy-Pennsylvania race. It appears that the members of the Roosevelt family were standing on one side of the boat, shouting for Harvard. The Naval officers were standing on the other side, rooting at the top of their lungs for the Navy. Poor old Pennsylvania was coming up with nobody rooting for her so the President, to equalize the situation, started rooting for Pennsylvania.)

CONFIDENTIAL
Press Conference #468,
Held in the study of the President's
home at Hyde Park, New York,
June 21, 1938, 2.30 P.M.

Q It is a full house, Mr. President; more than you had yesterday in the morning. (Laughter)

THE PRESIDENT: Yes, I stole a march on you. (Laughter)

Q What made us mad was that the photographers took pictures with only two of us down there.

THE PRESIDENT: I will bet that is bad. (Laughter)

Let us see, what have we got? Number one, I call your attention to this, if you want to write an overnight you can write on this. It has been released in the Department of Commerce about five days ago, about the national income for the year 1937 and shows that it exceeded our estimates. It did not exceed our estimates by much but if you will remember, away back last fall, the estimate was -- what did it run to? -- sixty-eight or sixty-nine billion dollars and actually it was sixty-nine point eight, or within two-tenths of being seventy billion dollars, which was pretty good.

Q Sixty-nine point eight?

THE PRESIDENT: Sixty-nine point eight. I will give this release to you. It has got some quite interesting things in it. One of the things which showed particularly was that while, in comparison with the famous year of 1929, the average annual wage of full-time employees -- this is a special thing, this is not average annual wage of everybody but of full-time employees -- was down nine per cent. below the 1929 average, last year the index of the cost of

living was fifteen per cent. below the 1929 average. That, of course, is another way of saying that it did not cost as much to live in 1937 as it did in 1929 for the same income. Therefore, relatively, the country was better off in that particular classification.

And the other thing, which is not in the book, is that the Bureau -- the Department of Commerce now estimates that the 1938 income, national income, based on the first three months, which is, of course, all they can take, will be slightly above sixty billion dollars, which is a rather definite improvement over the figures that the Government has been working on in the fall. You will remember -- I don't know which particular lot of statisticians there was, whether it was the Bureau of Foreign and Domestic Commerce or the Central Statistical Board, they estimated it below fifty-five billion dollars, and it looks to these people, the Department of Commerce people, that it will run slightly above sixty.

Q That is based on the first three months?

THE PRESIDENT: That is based on the first three months.

Q Is there any estimate of what the 1937 income would have been -- this is a very "iffy" question -- if it had not been for the slow last quarter? What were we doing the first nine months?

THE PRESIDENT: I have not had anything but a guess on that -- it would be necessarily a guess -- that it would have run somewhere around seventy-two billion.

Q I think it is interesting.

THE PRESIDENT: So it is not off very much from what it would have been.

Q Mr. President, do you regard this better figure of approximately

sixty billion as an indication that business is coming back?

THE PRESIDENT: I'd put it the other way around, that business is not and has not been this year as bad as a lot of people believed it to be. That is not only business, that is all income, that is industry and agriculture.

Q Dividends, wages paid, et cetera?

THE PRESIDENT: Yes.

Q Mr. President, do your reports of business show that -- do you feel there will be a steady improvement during the year, that the bottom has been scraped?

THE PRESIDENT: As somebody remarked the other day, "There have been a few raindrops coming from the heavens and possibly they will be followed by a much needed shower."

Q Mr. President, on the estimate of sixty billion for the current year, I am wondering if that took into account the new spending, lending program and the total that that will add to the national income?

THE PRESIDENT: No.

Q That won't come until the end of the year?

THE PRESIDENT: Some of it starts the first of July. For instance, all of your WPA, Resettlement, Farm Security, National Youth Administration, all that starts the first of July.

Q That will undoubtedly boost it, won't it?

THE PRESIDENT: Yes.

Q May we quote that "rain drops"?

THE PRESIDENT: Yes.

Q Pushing your forecast more definitely, Mr. President, when do you

expect the shower? (Laughter)

THE PRESIDENT: No, you are writing news stories. (Laughter)

I will give you a news item. I think that Friday night, when I go back to Washington, I am going to do a little talk over the air. It will be 9.30 eastern standard, 10.30 daylight. It will be over all the network, CBS and National and Mutual. And that evening, before the broadcast, I go to the dinner that is being given by the Little Cabinet to me, the annual dinner, and at the end of the dinner I will come back to the White House and go on the air at 9.30 eastern standard time.

Q What is the nature of your address, Mr. President, can you tell us?

THE PRESIDENT: General.

Q Fireside?

THE PRESIDENT: Nothing special -- general.

Q Any particular reason for making that address?

THE PRESIDENT: No; I usually do it after Congress goes home.

Now, here is a bunch of bills approved, which we will give you today. No vetoes so far.

Q Did you sign the Pure Food and Drug Bill?

THE PRESIDENT: No, it has not come to me yet. I am very well up on my end of the work -- better than Washington. I have taken action on every bill except this little bunch here, about ten, which I will probably act on in the course of the day. But there are still outstanding 347 bills to be acted on. It is awful.

Q 347 to come up from Washington?

THE PRESIDENT: To be acted on, of which ten are here, right there, (indicating) and the other 337 are still in Washington. So you

see I am pretty well up with my work.

Q Does it usually take that long?

THE PRESIDENT: Well, I would say this: I would say that this year there was -- well, the total number of bills passed by this Congress does not vary much from previous Congresses. I would say there were fewer bills that came to me before the last week of the session and more bills that came to me that were passed in the last week of the session than in any previous year. I have never had a flood like that before. I acted on 43 last night. I signed 560 and vetoed 23. One passed over veto and one became a law without signature.

MR. McINTYRE: That is 584 in all.

THE PRESIDENT: 584 in all and 347 have to be acted on.

Now, here are the bills I acted on today. Here is a claim bill, a relief bill -- several of them. Here is an Act to regulate the transportation and sale of natural gas in interstate commerce and for other purposes -- you had better look at it because I cannot describe it to you -- a technical bill.

And, most important of all, the relief bill, public loans and grants, et cetera, which was signed this morning. I was going to give you all a statement on it but I decided not to so I will read it to you and you can make notes so you will have it indirectly. (Reading)

"It is generally recognized today that economic and social welfare ought to go hand in hand.

"This relief and works bill covers both forms of welfare. It permits a great program to get under way immediately -- a large amount of money to be spent for many different forms of assistance, not only to

the unemployed and to getting wages out but also to agriculture, industry and to business.

"It is carried out on the principle of Federal participation in partnership with state and local agencies -- almost wholly a partnership basis. Practically all WPA work is that, all of PWA is that, NYA, and so forth and so -- a whole list of things. It is a partnership bill.

"On the Public works end, PWA was created of course as an experiment in 1933. We recognized its power but we did not -- we had not measured it at that time. Since then we have been metering its merits. That is a new line. We have discovered two things: the first is that cities and other public bodies still need a very large volume of permanent improvements and that they are glad to and able to assess themselves for more than half of the total cost of these improvements by going into partnership with the Federal Government.

"We also know that on these PWA projects for every worker on the project site who works one day, two and a half other workers are given work in mines, mills, forests, transportation, etc. Another illustration is that 36¢ out of every dollar goes to the construction payroll on the job and 64¢ goes for producing and fabricating materials, generally at distant points.

"In five years -- by the way it is just five years last Thursday that PWA started -- we have added all over the country 25,000 useful projects, releasing thereby to industry for the purchase of materials over two billion dollars worth of money.

"I think they have given out in Washington, or will today, the list of projects that have been actually approved. I have been approving them during the past three weeks, in every case subject to the signing of the bill. The signing of the bill today releases them all . . . . ."

and I think -- I am not at all sure on this, maybe Kannee can tick down and find out from Burlew's office -- there are about $350,000,000, I think, that have been approved in the past three weeks.

(Several hundred million approved in the past three weeks.)

"I think in almost every case the actual dirt will begin to fly inside of sixty days, which is the minimum possible time because you have to advertise for bids -- generally thirty days advertising under the law and then the bids have to come in and you select your bidder and he files the contract bond and gets the work really under way in the second four weeks.

"So it is quite a record and the rest of the available money will probably be allocated -- a good deal of it -- this week or next week before I go away, and the balance in the course of the next two or three months. But the bulk of the money for PWA goes to work in the shortest possible time."

Q What is the total for PWA?

THE PRESIDENT: You will have to look at the bill.

Q I have got it in my pocket.

THE PRESIDENT: $700,000,000?

Q $1,365,000,000.

THE PRESIDENT: That includes loans.

Q The A. P. says --

THE PRESIDENT: (interposing) That is what you have to be damned careful about. Out of the $1,965,000,000 there is about $750,000,000 available for grants, and then the balance is available for loans.

Q And then the $400,000,000 from the revolving fund?

THE PRESIDENT: And then the $400,000,000 from the revolving fund. It is a terribly important thing -- of course nobody can write in the kind of story that everybody figured. Everybody gets the idea that this is a thirteen billion or a twelve billion dollar Congress but of course that is perfect rot because a very large portion of that money is loaned money and a large portion is authorization for which no appropriation has been made at all. There are more damned crooked figures flying around than I know of, most of them,

off the record, in the Herald-Tribune editorial records.

Q Not mine. (Laughter)

THE PRESIDENT: No, and thank God, you don't write the editorials.

(Laughter)

Q He has a good Albany training; it is a shame to see him go down.

(Laughter)

THE PRESIDENT: If they would turn over those editorials to John

(O'Brien) we would all be happy.

Q Except John. (Laughter)

THE PRESIDENT: Yes, except John.

Q I don't think Mrs. Reid would like it. (Laughter)

THE PRESIDENT: (Reading)

> "Then, on the rest of the bill, the same thing about partnership holds true on all the other appropriations like WPA which is now in gear and ready to go ahead on the first of July. These projects will take care of, as far as we possibly can, all the available employable unemployed and you will find in going over that list that nearly all the other agencies are on the same partnership basis."

Q Do I understand you correctly to say that this WPA will take care

of all the employable unemployed?

THE PRESIDENT: No, I mean all that we can.

Q Can you tell us what Mr. Kennedy talked with you about today?

THE PRESIDENT: Oh, Fred (Storm), just general international affairs.

I cannot be more specific than that.

Q Did he make you feel cheerful or gloomy?

THE PRESIDENT: Made me feel just the way I have felt for the last two

or three years.

FRANKLIN ROOSEVELT, JR.: Joe (Kennedy) wanted me to apologize to all

of you for missing you here. We came back here and waited until 2.30 but Joe had to leave because his train left two or three minutes later, so he wanted me to apologize to you.

THE PRESIDENT: The general international picture is not a particularly happy one. All we can do is to hope for the best. He made one remark yesterday when he landed and the best account of it was in the Herald-Tribune -- the Times did not carry it.

Q What is that, Mr. President? I will check up on it.

THE PRESIDENT: Joe, when he landed, told me he had told this to the boys at the dock:

MR. McINTYRE: Krock was there, too.

Q It is these damned editorial writers again. (Laughter)

THE PRESIDENT: And he considered it the most important thing he said when he landed. It was to the effect -- if you will read the Herald-Tribune, they have it absolutely O.K. -- when he landed he pointed out that he had met in England exactly the same kind of people that he used to meet on Long Island, exactly the same kind of people, who said that the world was coming to an end, everything was terrible and how they would have to close their country houses and sell their Rolls Royces. They were exactly the same crowd and the only difference was that in England they did not blame it on their Government, which I think is a grand line, a brilliant line. And he was enlarging on it this morning and he said, "You know, they have a problem come up and they talk it over for weeks; then it is presented to Parliament and acted on in another two weeks. Certain elements in the community may not like it; they make their protest, sit around the table and talk it over and if

the thing goes through that they do not like, they quit grousing. That is the real difference between Government in England and Government here."

Q Did he seem hopeful?

(The President did not answer the query.)

Q I had a query last night from Honolulu. This is good!

THE PRESIDENT: Now, Fred (Storm), you cannot go to Honolulu at this time. (Laughter)

Q This said the HOUSTON was out in the Mare Island Navy Yard being fixed up for the trip.

THE PRESIDENT: That part is true.

Q It said that instead of going to the Galapagos we were to head for Honolulu.

THE PRESIDENT: I will take you with me if we go there.

MR. McINTYRE: It might be worth while because Fred threatened to stay out there if he gets there. (Laughter)

Q What are the arrangements for us, the three Press Associations?

THE PRESIDENT: I am having a bad time. I will tell you frankly, I won't take an escort cruiser; it looks like it will be a destroyer and you know what the answer is on that -- there ain't no bunks. However, Panama will be quite exciting, I think.

MR. McINTYRE: We made arrangements for ten days at Hollywood and then move to Panama.

Q It suits me.

Q I would like to see Storm in a hammock.

Q They don't build them that big. (Laughter)

Q (Mr. Storm) I spent four years in one. They are very comfortable.

THE PRESIDENT: Are they?

Q Yes, sir; much better than a bunk.

THE PRESIDENT: I regret to say that though I am a sailor I never slept in one. (Laughter)

Q Can you straighten us out on this railroad session in view of all these reports that you are going to call a special session?

THE PRESIDENT: I have not heard a word about it.

Q John O'Connor said you have to have one.

THE PRESIDENT: I read that. All I ever heard about it or thought about it is what I read in the papers.

Q Are you going -- this is a very local angle -- are you going to try to attend the local Regatta?

THE PRESIDENT: It is a question actually of minutes because I have to be at this celebration in Wilmington, Delaware, in the morning and it depends a little bit on how long the speeches take. I am going to beat it from the stand to the train and come right on up to Poughkeepsie and possibly get off the train and make a dash for the POTOMAC and get on board in the hope that the races are not yet over. Do you know what time the races start?

Q The Varsity will be at 5.00.

MR. McINTYRE: The Freshman comes first, as I understand it, at 3.30 and then 4.30 and 5.30.

THE PRESIDENT: If it is 3.30, 4.30 and 5.30, I will make the Varsity race and possibly the second Varsity. Of course, if it is rough weather, they will put it off until Sunday. I will come just as quickly as the train can get here.

Q Have you given any indication as to whether you will be able to take

part in the Constitution celebration? I understand your grandfather was one of those who ratified.

MR. McINTYRE: What is the date of that?

THE PRESIDENT: What is the Chattanooga date?

Q The celebration is from the eighteenth to the twenty-fourth. But they will set it for any time you can make it.

THE PRESIDENT: Here is my situation: When the bill was introduced to take part in this celebration of the Chattanooga Battle, that was way back last fall, I said that I would go, so that is a fixed date. If I can make it the nineteenth, I can be here the seventeenth and still make Chattanooga on the nineteenth.

MR. McINTYRE: I think we will have it straightened out tomorrow morning.

Q They want to work the dedication of the Post Office at the same time. The date of that is not important -- whatever date you can make it. I was wondering whether you might be able to make any commitments on that?

THE PRESIDENT: I told Miss Reynolds yesterday that I would come if I could.

Q Are you going to see the Postmaster General up here during the week?

THE PRESIDENT: No, Friday, in Washington.

Q For background, if necessary, should we look for any diplomatic action growing out of the German espionage?

THE PRESIDENT: No. That is background.

Q May I ask one more local question in connection with PWA? Is there any possibility that you would comment on this school plan in connection with Hyde Park?

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[see P. 496]

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[Mrs. Rundall]

THE PRESIDENT: I have not heard. Miss Arundall is coming up on Tuesday or Wednesday next to talk to me about it. They will have to act mighty fast if they want any of this PWA money because it will be all gone pretty soon.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #469,
Executive Offices of the White House,
June 24, 1938, 10.39 A.M.

THE PRESIDENT: I don't think there is much news. There are about two hundred bills to be acted on. I will be working on them today and tomorrow and the next day and the day after.

Q Have you signed the Railroad Unemployment Bill?

THE PRESIDENT: That has not come to me. I have acted on everything that has come to me until five minutes ago.

Q Do those make news? (Pointing to commissions on the President's desk.)

THE PRESIDENT: These are just commissions of people that have been confirmed.

Q Do you expect to sign the Wage and Hours Bill today?

THE PRESIDENT: That has not come to me.

Q I have been writing every day that Bob Wagner is not going to leave the Senate and run for the Governorship. The members of the Press at Albany have been writing the opposite. Can you enlighten us on that? It leaves the desk in a state of confusion. (Laughter)

THE PRESIDENT: That puts me in a bad fix because I know the Albany boys, too, and I cannot take sides. (Laughter)

Q If I am wrong I am willing to have you tell me. (Laughter)

THE PRESIDENT: You keep right on. That is the only hint I can give you.

Q On the same course?

THE PRESIDENT: On the same course.

Q No, that is -- seriously -- (laughter) seriously, Wagner has convinced me he would not run for the Governorship.

THE PRESIDENT: Didn't I just give you a darned good lead? Why overplay your hand?

Q All right; thank you. (Laughter)

Q Is the story that you are going to make a campaign speech in Maine for Governor Brann true? He is running again.

THE PRESIDENT: I don't believe there is a chance of my getting to Maine this summer. I am going out, as you know, to the Coast and then around.

Q That was an A. P. story. (Laughter)

Q Mr. President, would you care to comment on the outcome of the Minnesota primaries on Monday?

THE PRESIDENT: To tell you the honest truth, I did not read about it.

Q The Democrats made a powerful poor showing.

Q Do you expect to make a speech in Oklahoma?

THE PRESIDENT: I may say a few kind words. The reason I am going to Oklahoma is because on these various trips we have crossed corners of the state at various times but we have never got off the train and I thought it was time to get off the train in the State of Oklahoma and take a look at it.

Q If we may get away from politics for a moment, there is a report out of Wall Street that the reason for the upturn is that Ambassador Kennedy brought over a plan for simultaneous deflation by the United States and Great Britain. Can you comment on that?

THE PRESIDENT: It sounds just like reports out of Wall Street.

Q Have you decided what part of Oklahoma you are going to?

THE PRESIDENT: Oklahoma City.

Q Have you received a report from the Interdepartmental Committee on Philippine Affairs yet?

THE PRESIDENT: No, not yet.

Q In line with your recovery program, can you comment on this campaign in the newspapers for immediate buying?

THE PRESIDENT: No, I don't think so. I mean, I don't think I want to comment on it.

Q Do you expect to appoint the Wages and Hours Administrator before you leave?

THE PRESIDENT: I don't know. I don't know when it is coming to me. It may be in this pile. (Indicating)

Q Are you going to announce the names of the members of the Monopoly Committee?

THE PRESIDENT: I don't know. We haven't met. We are going to meet at 12:15.

Q Will you comment on Governor Lehman's announced intention of running for the seat vacated by Senator Copeland?

THE PRESIDENT: No, and I will tell you why: Those up at Albany and Hyde Park know that I have been absolutely jammed the past two days preparing a speech and signing bills. I have had very little chance even to read the papers.

Q When do you expect the speech to be ready?

THE PRESIDENT: Expect what?

Q To get copies of the speech.

THE PRESIDENT: About four or five o'clock.

Q Have you read Secretary Morgenthau's report on bank examinations?

THE PRESIDENT: Not yet. I think I have it on the desk.

Q Can you tell us your plans for Wilmington?

THE PRESIDENT: I am going up tomorrow afternoon -- no, Sunday afternoon to Wilmington to spend the night with Mr. and Mrs. Eugene Dupont and on Monday morning I am going to motor from there down to the Rock where they all landed -- I mean the Swedes, not the Duponts. (Laughter)

Then there will be some speeches of welcome and so forth, and then I am going right back to the train as fast as I possibly can and go through to Poughkeepsie in the hope of seeing the last two races. When I get to Poughkeepsie I am going to get on board and go right out to the middle of the stream in the hope of seeing the Junior Varsity and the Varsity Races.

Q Will there be any advance on your Wilmington speech?

THE PRESIDENT: I suppose so; I have not thought of it yet. I will try to get something.

Q There has been talk of a special session in the fall. Have you any comment to make on that?

THE PRESIDENT: Wait until you hear my speech tonight.

Q Will that enlighten us?

THE PRESIDENT: Yes.

Q Any comment you care to make on the New York spy inquiry -- espionage?

THE PRESIDENT: Yes, I think so. I have been a good deal disturbed by that because it raises a fundamental double question in relation to the Press. Perhaps I should not say "the Press" because there is only one syndicate involved in this particular thing. The issue

is, frankly and squarely, an issue of patriotism and ethics combined. As I understand the facts, a Government employee in the pursuance of his regular duty, unearthed a great deal of information relating to foreign spies in this country. Well, that is a pretty serious thing. It was information which seemed to call for criminal action on the part of the Government. The Department of Justice undertook that criminal action. This Government employee, having obtained all of the details on which the presentment to a grand jury would be based, and before the grand jury had taken any action and before the trial, resigned from the Government service and within fifteen minutes signed a syndicate contract --

MR. EARLY: (interposing) Not before the grand jury.

THE PRESIDENT: Not before the grand jury but before the trial -- thereby in a very serious case relating to the national defense possibly jeopardizing the criminal prosecution by the Government.

I am not talking about the law of his case, I am talking about the patriotism and the ethics; first, of a Government employee doing that, and secondly, any newspaper undertaking to syndicate information of that kind.

I think that is the proper way to present this particular problem that faces the Government of the United States today. I think that is all the comment that could be made.

Q There is a report out of Berlin this morning that Ambassador Wilson visited the foreign office in connection with the spy inquiry. I wonder if you had any advance advice on that?

THE PRESIDENT: I cannot tell you because I have not seen any State Department dispatches since Saturday morning. There may be some-

thing in them. Did you ask them over there?

Q In the light of these recent developments, do you think the Army and Navy and their Intelligence Units should have more money and more men for counter espionage?

THE PRESIDENT: Yes, I think so, frankly. Both the Army and Navy Intelligence have been held down pretty low on funds.

Q Do you mean by that answer, sir, to approve activities of counter espionage?

THE PRESIDENT: What do you mean? Do you mean running down spies in this country? That is what I mean by counter espionage. I think we ought to have more money for that purpose.

MR. STORM: Thank you, Mr. President.

CONFIDENTIAL
Press Conference #470,
Held in the study of the President's
home at Hyde Park,
June 28, 1938, 11.00 A.M.

THE PRESIDENT: Doris (Miss Fleeson), how are you? I am glad the big boy lets you sit down.

Q (Miss Fleeson) Better than at the Nelson House.

THE PRESIDENT: It must be overrun.

Q (Miss Fleeson) Yes, it is.

THE PRESIDENT: Here is the oldest (indicating Mr. Joseph Early, of the Brooklyn Eagle). I think you and I started together almost at the first session.

Q (Mr. Early) It was my first assignment and you gave me a good many stories for the first page on the Senatorial fight.

THE PRESIDENT: January, 1911. You would never know it to look at him.

Q (Mr. Early) Thank you -- gray hair and things of that sort.

Q What can you do in the way of stories in 1938?

THE PRESIDENT: I don't know. George (Durno) had a pretty good idea. He was going to come in here and say, "Thank you, Mr. President," and let it go at that. (Laughter)

Q Mr. Aubrey Williams made the front page this morning with some interesting statements.

THE PRESIDENT: Did he? I haven't seen any papers except the Poughkeepsie Eagle News. I wanted to read about the boat race and that is all I have done. It was wicked we did not get to see it.

Q Terrible.

THE PRESIDENT: It did two things, it proved the supremacy of the Navy and --

Q (interposing) And Harvard. (Laughter)

THE PRESIDENT: And Harvard.

Q Are you building here?

THE PRESIDENT: I don't know. It depends on the bids.

Q Have you signed any bills that we ought to know about?

THE PRESIDENT: I have signed twenty-two this morning. I guess Mac and Kannee will have a release on it.

Q Any comment on the Wage and Hour Bill?

THE PRESIDENT: I don't think so. I mentioned it in my speech Friday night. I think that covered it all right. I do think that next to the Social Security Act it is the most important Act that has been passed in the last two or three years.

Q Have you thought about appointing the Administrator yet?

THE PRESIDENT: Not yet. I have a civil recommendation. I hope to appoint an Administrator before I leave but that is one appointment I am not dead sure about. The bill does not go into effect for sixty days, you know, so I have time to turn around.

Q How about the Civil Aeronautics Authority?

THE PRESIDENT: I am working on that. It is up to 550 applications now.

Q How many are politicians?

THE PRESIDENT: Oh, I would say about a third.

Q How about our Judges?

THE PRESIDENT: They will come along in driblets.

MR. McIntyre: I am not convinced as to what "politicians" covers.

THE PRESIDENT: Work it out with Doris (Miss Fleeson). (Laughter)

Q In the morning papers there is a story from Washington in which it

says that WPA is going to boost its rolls from 2,700,000 to 3,150,000, thereby adding 400,000. Those figures are approximate. Is there going to be any concerted start of the spending lending money?

THE PRESIDENT: With WPA? Yes.

Q Are the other agencies going to tie in?

THE PRESIDENT: Of course you know about PWA. They are going as fast as they possibly can and those are the two major things. CCC will be up to its new number on the first of July -- the new enrollees.

Q What is that number?

THE PRESIDENT: 350,000, is it not?

MR. McINTYRE: We can tap down on that.

Q Was the date July first, sir?

THE PRESIDENT: Yes.

Q Is it correct to say that July first is the start of this, and that they will all shove off together?

THE PRESIDENT: As far as it is humanly possible.

Q Yes.

Q On that relief picture, if it does not seem too naive, how should our relief policy be stated? Many people are asking, "Does the Government owe them --"

THE PRESIDENT: (interposing) I should say this, that the object of work relief as distinguished from the dole is to give wages for work instead of just enough money to keep body and soul together without work. During the past six months there has been an increasing -- perhaps that is not fair because it brings it down

a little bit late, the increase took place between last October and this April -- an increase to such numbers that existing funds did not make it possible to take care of every able-bodied person who was able to work, to take care of them with work.

Now, this addition of approximately 400,000 will take care of a large part of that additional number of able-bodied citizens who can work and for whom we did not have enough money before.

Q I had in mind a more fundamental thing. There used to be a favorite statement with some people that the Government has no obligation to any of these people.

THE PRESIDENT: It is a continuing policy and there are two perfectly definite schools of thought. One is to give them wages for work to a sufficient extent to keep them going in as decent a way as we can afford to do, and the other school of thought is merely to give them enough money for food and clothing, without asking them to work for it.

Q Might it not be called a sort of continuing emergency proposition? I mean, you will probably always have them with you and they will probably always have to be taken care of.

THE PRESIDENT: I would not put it that way because you are only stating a third of the problem -- a quarter of the problem. It is far deeper than that. Technology, or whatever you choose to call it, economics, some people say it is the result of the World War, other people say it is the result of new needs of civilization, other people stress the new machinery by which you can turn out, with the same amount of labor, twice as much goods as you did eighteen or twenty years ago -- they are causes and all are con-

tributing factors. In every civilized country there is more unemployment than ever before in history -- world history. Now, that is the simple fact and no country has devised a permanent way, a permanent solution of giving work to people in the depression periods as well as in the boom periods. The only method devised so far that seemed to give 100% of relief, or nearly so, is the method of going in for armaments, putting the unemployed to work manufacturing goods which have no permanent capital value -- goods which do not reproduce wealth. And of course everybody knows that while that may work for a year or two years or a few years, it is by no means the permanent solution of the problem and we are all groping and trying to find a way of doing it without the use of armaments.

Q What do you think of the recommendation made, I believe, by the National Resources Committee for a reservoir public works program, with the projects all set up and approved, which you could let out almost immediately?

THE PRESIDENT: That is one of the answers but not the only permanent answer, and that particular answer has been used with very great effect in Sweden which, however, is a very small compact country.

Q It worked to a certain extent on this program, did it not?

THE PRESIDENT: And, of course, we are, to a certain extent, using it here at the present time. The difference has been over here that we did apply that method in 1933, 1934 and 1935, but in the process, when it was working in 1935, 1936 and 1937, we did not pay off the cost of it, but the Swedes did.

Q How did they do that?

THE PRESIDENT: In other words, in time of prosperity the Swedes laid aside enough in Government revenue to pay for the things they did in the period of depression.

Q Do you think that experience is worth emulating in this country?

THE PRESIDENT: Well, it is being studied.

Q To go back to the statement you made a little bit ago regarding armaments, can it be said or thought that our new armament program has something to do with rehabilitation?

THE PRESIDENT: Relatively very little, Claude (Mahoney) because, if you will remember the figures I used three or four months ago about the armament figures in some of the countries of Europe, they ran as high as 45% or 50% of the national income. Well, at that time, our armament figures were about 12%. With the new program I should say, as a guess, -- I have not checked -- the armament percentage of our Government expenditures may run as high as 15% or 16%. Therefore, it is not to be compared with the economic result in those countries where they are spending 45% or 50%.

Q Mr. President, would you like to comment at all for our local Press on Miss Rundall's visit with you?

THE PRESIDENT: Mrs. Rundall came in to give me the report on the school problem in the town of Hyde Park, the north end of the town of Poughkeepsie and the east end of the town of Clinton. You have probably seen it; I think it has been published.

I read it over and she asked me if I would see some of the trustees of the different districts on Friday morning. They are coming at half past ten on Friday and I pointed out to Mrs. Rundall

that this year we have this Public Works program with grants allowable up to -- what? $700,000,000 or $750,000,000, something like that, but that the applications already in, many of which have been approved, are going to use that up pretty fast. There is a dead line which is about, as I remember it, about sixty days. It is going to be a pretty tough thing. Apparently nobody realized in this county that there was a P.W.A. program, but other counties in the United States, 3100 other counties, did and they got their applications in. That is not in criticism of Dutchess County but just a fact.

Q By the way, you made a statement and since you made that statement --

THE PRESIDENT: (interposing) Spratty (Mayor Spratt of Poughkeepsie) got busy.

Q Is there anything you can tell us about your itinerary across the country? There have been quite a number of queries from cities along the line.

THE PRESIDENT: Nothing new beyond what I gave you the other day.

Q Anything beyond Pueblo, Colorado?

THE PRESIDENT: We are going through Salt Lake but I think it is in the middle of the night.

Q Are we going to Lake Crescent? (Laughter)

THE PRESIDENT: We are going up into the Yosemite. Can I take care of you there?

Q I don't know. I will see the Colonel (Starling). He will take care of me.

THE PRESIDENT: There is one little lake up there; the ice forms overnight.

Q I slept in it. (Laughter)

Q Are you seeing anybody in the next day or so that we ought to know about?

THE PRESIDENT: No, Mrs. Rundall's school trustees are coming in on Friday. I don't think there is anybody else scheduled.

Q Mr. Kennedy (Ambassador to Great Britain) is not coming back?

THE PRESIDENT: No.

Q He sails tomorrow.

THE PRESIDENT: He sails tomorrow.

Q A few weeks ago fifty-five members of a college faculty sent a petition to you calling for an administrative policy with respect to Spain. Have you made any reply to them?

THE PRESIDENT: I can only tell you in the utmost secrecy, if you promise not to use it. I did not know that I got it. (Laughter)

MR. McINTYRE: You got it.

THE PRESIDENT: What did you do with it?

MR. McINTYRE: It was one of six hundred.

THE PRESIDENT: I think it was mislaid in the mails.

Q (Mr. Durno) Thank you, Mr. President. I am a little late on that.

Q Mr. President, can we look for the appointment of an Ambassador to Moscow within the next --

THE PRESIDENT: (interposing) That is one of the things I am going to talk to the Secretary of State about next Monday. I have not done a thing about it and if I get time before I leave, I will look over these (indicating) -- look over the bids for this little cottage on top of the hill and maybe I can give you a story -- I hope so.

And maybe on Thursday or Friday -- what day is today? -- maybe on Thursday or Friday I can take you up to the top of the hill and

show you where it is going up.

Q Did you sketch the plans yourself?

THE PRESIDENT: Yes. What I did was to draw the plan and Henry Toombs did the real job. I have to be careful about that because I haven't the license to practice architecture in this State.

Q There are a lot of us here who are glad to hear you ask what date it is because we are having the same trouble. (Laughter)

Q (Mr. Storm) We assume, Claude (Mr. Mahoney), you were speaking for yourself. (Laughter)

(End of Press Conference)